

# *The* NATIONAL UNDERWRITER

## RESIDENCE AND OUTSIDE THEFT INSURANCE

BURGLARIES, robberies and hold-ups of many kinds are on the increase.

The alert agent or broker is protecting the possessions of his clients by writing Travelers Residence and Outside Theft insurance now. This low-cost policy covers practically everything a client or his family owns, located in the home, in his automobile or while traveling.

Insure your customers now because the need is great.



THE TRAVELERS INDEMNITY COMPANY  
HARTFORD, CONNECTICUT

THURSDAY, JUNE 6, 1946

## Calling All Agents! To Help Save Lives, Homes, Jobs!

*Where do we go from here?*



Where can you get another home . . .  
additional furniture, a refrigerator, vacuum  
cleaner, or more clothes today?

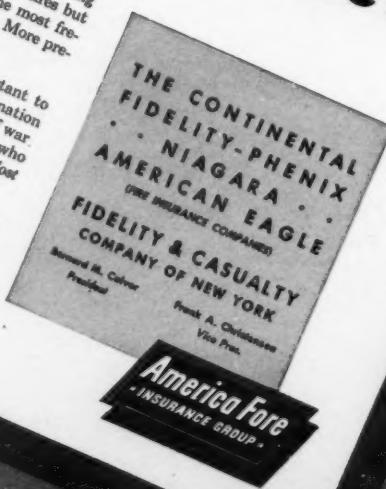
Yes, even though you have enough fire  
insurance to cover your financial loss, how  
are you going to buy the things destroyed  
. . . at any price in these times?

Throughout the nation, irreplaceable  
property is being burned up at the rate of  
50 million dollars every month! Think of  
that—over half a billion dollars a year—  
while our returning veterans search frantically  
for shelter! Think of how this waste  
retards the day when they can find decent  
places to live! Think of the jobs lost every  
time a business structure burns!

Old, war-worn equipment and wiring  
account for some of these costly fires but  
CARELESSNESS is by far the most frequent  
cause of this destruction. More preventive  
care means fewer fires!

Fire Prevention is vitally important to  
every citizen who hopes to see our nation  
recover quickly from the aftermath of war.  
Important to every responsible person who  
realizes that FIRE means lost Homes, lost  
Jobs and lost Lives!

The America Fore agent can help your  
community develop an effective fire pre-  
vention program that will reduce this  
appalling fire destruction, waste and loss!



During June, America Fore national advertising carries a message—not only to the American public but to insurance agents as well! You can do no better public relations job for yourself and your industry than to assume leadership in a Fire Prevention Program to stop waste of life and property in your community. The National Association of Insurance Agents has issued a manual on Fire Prevention which contains full information on how you can initiate and carry on a Fire Prevention Program. Get a copy of this manual and do your share in reducing the appalling fire loss in our country.

## Sweeping Victory for State Taxes and Regulation

PL15 Saves Discriminatory  
Levy; Regulatory Acts Un-  
touched by S.E.U.A. Case

By JAMES C. O'CONNOR

State supervising officials and adherents of state supervision of insurance breathed more easily after two important decisions of the United States Supreme Court this week. The cases gave state supervision its greatest boost since the Southeastern Underwriters Association case, two days less than two years before, and upheld, flatly and enthusiastically, the first part of the McCarran-Ferguson act (Public Law 15).

More specifically, the Supreme Court, in Prudential's case on the South Carolina premium tax, upheld, on the authority of the McCarran law, state premium taxes which impose a higher rate on out-of-state companies than on domestic carriers. Then, in the case of Robertson vs. California, it upheld the California laws requiring licensing of agents and prohibiting doing business with non-admitted companies. Associate Justice Rutledge wrote both opinions.

### Cases Go Very Far

The Robertson case is particularly strong, because the facts involved occurred after the S. E. U. A. decision, but before the McCarran law was passed early in 1945. Thus, this case amounts to a clean affirmation of what Associate Justice Black maintained in the S. E. U. A. case, but which the late Chief Justice Stone and many insurance men doubted—that the S. E. U. A. case did not overrule Paul vs. Virginia, and did not fundamentally disturb state regulation of insurance, unless Congress should affirmatively take over this regulation. It held this to be the case even without benefit of the McCarran act.

The decision came close to being unanimous. Only seven justices took part, no successor to Chief Justice Stone having been appointed as yet and Justice Jackson being in Germany on the war crime trials. The Prudential opinion stated that Justice Black concurred "in result," without giving his opinion. Associate Justice Douglas appended a brief opinion to the Robertson case, stating that he believes the McCarran law would sustain the majority view, but that he did not agree with the main conclusion.

### Ends Tax Questions

Beyond any reasonable doubt, the Prudential decision will end all argument about discriminatory premium or other insurance taxes, at least as long as the McCarran law remains on the books. Justice Rutledge made it clear that he was avoiding any indication of how the court would have ruled in the absence of the McCarran law.

Despite the fact that the decision turned on the preamble of the McCarran law, Justice Rutledge devoted much space to a lengthy, philosophical comment on the commerce clause of the federal constitution and the balance

## More Than 1 Test of Cash Value, S. D. High Court Finds

In the determination of actual cash value the court is not confined to the single test of cost of reproduction less depreciation, the South Dakota supreme court has decided, in holding for the insured, in Lampe Market Company et al. vs. Alliance. The property of the market company at Huron was damaged in 1943 to the extent of \$2,677. There was \$68,000 insurance with a 90% coinsurance clause.

On the basis of cost of reproduction less depreciation, it was agreed that the property was worth \$100,000. The insurer insisted on exacting the coinsurance penalty.

It was also stipulated that the property could not have been sold at the time for as much as \$75,000. Two experts were permitted to testify that there was a market for such property at Huron and to express their opinion of the cash value.

The court, in its instructions, said the jury should take into consideration cost of restoration less depreciation; any element of obsolescence, size of building, material of which it is composed, age and state of preservation; also the amount for which the property would sell for cash at a fair sale in the usual course of business, also the opinions given by qualified witnesses, gainful uses to which the building might have been put, value for the purpose of rental, location in the community, "and any other facts disclosed by the evidence which will throw any light upon the actual cash value of the building..."

The jury found the actual cash value to be \$75,000 and the court entered judgment against the insurers for the full amount of the loss.

Alliance contended that the sole factor to be considered in arriving at actual cash value is replacement cost less a reasonable depreciation.

The South Dakota supreme court found that the trial court did not err. Although replacement cost, less depreciation, is an element to be considered, it is not the sole test of the actual cash value.

The words "actual cash value" are employed in the policy for the purpose of placing a limit upon the measure of indemnity for which the insurer is obligated.

Replacement cost less physical depreciation, establishes the theoretical present cost of reproducing a particular building. It is not the invariable test of value because in a particular case other factors may overcome or qualify its influence upon sound opinion.

The instruction of the trial court permitted the jury to weigh these other matters in connection with replacement costs less depreciation and other evidence in resolving the ultimate question of "actual cash value."

between state and federal regulatory powers. Technically, this is nothing but irrelevant "dicta." Observers believe, however, that these remarks may lay the groundwork for a series of decisions, all treating state supervision of insurance very liberally.

### Constitutionality of P.L. 15

Also the Prudential decision, in the last paragraph, declares the McCarran act constitutional—a condition doubted by many critics when the law was passed. It has been pointed out many times that no previous federal law has provided that a particular business shall be subject to the laws of the state

(CONTINUED ON PAGE 10)

## Vice-presidents Are Startled by Truman Speech

Insurance people generally were startled by the reference to big insurance companies in President Truman's address to the graduating class at Washington college, Chestertown, Md.

"You know, I am rather an advocate of small business, and small educational institutions and small communities," the President declared. "I have said time and again that I would much rather see one thousand insurance companies with \$4 million in assets than one insurance company with \$4 billion. I would rather see a hundred steel companies than one U. S. Steel Corp. I would rather see a thousand sand banks than one National City Bank.

"You know the reason for that? Every one of those small institutions gives some two or three men a chance to be 'big shots' in their communities. When you go to the National City Bank, the U. S. Steel Corp., or Metropolitan Life Insurance Co., you will find one 'big shot' and a hundred or so vice-presidents—vice-presidents—vice-presidents. So many vice-presidents that you can't tell how the institutions run."

One thing seems to be certain and that is that the vice-presidents of big insurance companies are in for an era of ribbing and will have to turn on the mechanical smile as they hear over and over again such corny quips as that the vice-presidents of Chase National Bank have to go in a side entrance, because if they went in the front it would look like a run on the bank.

Most observers felt that Mr. Truman's remarks did not necessarily carry any implications of political action in the making and that there is no immediate threat of federal legislation to abolish or suppress vice-presidents. Some were

wondering whether Mr. Truman had reflected upon what he was saying and whether he realized that a life insurance company with \$4 million of assets would be one with only about \$20 million of insurance in force. Such a company has

difficulty in conducting its operations on as economical a basis as those of larger institutions and if the life insurance business were conducted entirely by companies of that size, the cost to the policyholder would be a great deal more, even though it would have the effect of producing several thousand "big shot" presidents and would do away with many a battery of vice-presidents that occupy such a subhuman niche in Mr. Truman's estimation.

Some were speculating that the speech had no more significance than an attempt by Mr. Truman to get back in the good graces of those labor people that parted company with him in his recent stand; that he was simply taking a poke at big business to show labor that his heart was really in the right place.

## Davis Joins Aero as Field Supervisor at Chicago

Samuel Davis has joined Aero in Chicago as field supervisor for seven states handled by that office.

Mr. Davis is a law graduate of the University of Iowa. He began his insurance career with Indemnity of North America in the Chicago claims department for two years. During the war he served in the air corps and upon his discharge joined Continental Casualty in the home office as head of the aviation liability and hull department.

He is a certificated commercial pilot. With Aero he will have charge of agency and production work.

## Chicagoans Stunned by La Salle Fire

### Shocked by Heavy Loss of Life in Big Fireproof Structure

Chicagoans were stunned by the fire in the fireproof La Salle hotel early Wednesday morning that, according to incomplete reports, cost the lives of about 60 persons and injured a great many more than that. This is believed to be the largest loss of life in a fire in Chicago since the Iroquois theater disaster during the Christmas holiday season of 1903 when the deaths numbered about 500.

Wednesday morning there was available even from fire insurance adjusting organizations, very little of any information in the way of how the fire originated and spread. The blaze may have started in an elevator shaft and caused a flash fire in the Silver room, which was a dimly lighted cocktail lounge on the main floor just at the Madison street entrance. It communicated into the lobby and shot up through elevator shafts. It is assumed that many of those who met death were suffocated or died from a whiff of super-heated air.

The La Salle hotel was formerly owned by Central Life of Iowa which acquired it as one of the assets of the old Illinois Life when it reinsured the business of that company. It had been sold to the La Salle-Madison Hotel Co., headed by Attorney Avery Brundage of Chicago.

### How Insurance Is Placed

There was \$2 million fire insurance on the building and \$300,000 on contents through the Moore, Case Lyman & Hubbard agency of Chicago, and \$1½ million use and occupancy insurance under binder through Fred S. James & Co., Western Adjustment has been assigned to the loss.

Liability insurance was placed through Fred S. James & Co. Globe Indemnity had \$250,000 primary coverage and Indemnity of North America \$250,000 excess. Plate glass insurance was also placed through the James office. Probably most of the plate glass breakage was due to fire and will not fall on the casualty carrier, but there may be some damage from plate glass being broken by panicky guests.

Of particular insurance interest was the fact that on Thursday the Illinois insurance department was to have maintained a suite at the LaSalle Hotel for those that were in the city on a stop-over enroute to Portland for the insurance commissioners convention.

The plans were changed and the commissioners group is being welcomed at the Chicago offices of the Illinois department in the Board of Trade building.

The Chicago "Tribune" quoted Marion Burks, assistant insurance director of Illinois, who was in a room on the 16th floor, and who escaped down the fire escape. They quoted him as to his experiences and observations.

Fire insurance people were shocked that there could be such loss of life and apparently such extensive damage in a fireproof structure. Some were bemoan-

(CONTINUED ON PAGE 30)

## N.F.P.A. 50th Rally Draws Over 900 to Boston

### President Vernor, Manager Bugbee Stress Need for Action as Losses Rise

BOSTON—"Building a Safe America" was discussed and studied by over 900 delegates to the 50th annual meeting of the National Fire Protection Association here this week. All phases of fire prevention and protection were discussed with army and navy officers, state fire marshals, fire chiefs, industrial fire protection men, fire insurance engineers and others participating.

The fire marshals held the stage Monday and while T. Alfred Fleming of the National Board and Manager Bugbee of N.F.P.A. presented problems arising in America, Sir Aylmer Firebrace, London, chief of fire staff of the British National Fire Service, described the reorganization of the fire service in Britain.

#### Marshals Elect

After an all day conference the fire marshals elected the following officers: Chairman, John Craig, Illinois; vice-chairmen, E. A. Tyler, Oregon, and George Clough of Nassau county, N. Y.; secretary, Ed. W. Hall, Detroit; executive committee, Sherwood Brockwell, North Carolina; H. M. Armstrong, New Boston; Earl Walterschied, Toledo, and Joe Yockers, California.

President Vernor opened the first general session Monday evening. Major Gen. Douglas L. Weart expressed the high regard of the army for the N.F.P.A. and Manager Bugbee gave a review of the year's work.

President Karl T. Compton of Massachusetts Institute of Technology, at the evening session expressed the hope that the Bikini test would be the last episode of the atomic bomb, after which there could be talk about nuclear energy in terms of peaceful use.

Educational work done by the various branches of the association were gone into Tuesday morning with Frank C. Colridge, secretary of the National Association of Insurance Agents describing the fire prevention program of his association.

#### Air War Lessons

Fire lessons of the air war were gone into in detail Tuesday afternoon with Commander Firebrace giving an illustrated description of the development of public protection methods used during the last war in Britain. The annual dinner and entertainment was held Tuesday evening.

#### Fire Marshals Meeting

Over 300 fire marshals, fire chiefs and interested fire fighters were on hand for the fire marshals' session.

Fire Chief E. N. Montgomery of Boston bureau of fire prevention, described the city's activity in new legislation following the Cocoanut Grove night club fire several years ago which killed 402 people. Mr. Montgomery said a special commission has made 22 recommendations, many of which have been made law. They have eliminated revolving doors, overcrowding, established regulations to assure only use of non-inflammable decorations. The most active work has been against flammable decorations in public places, department stores and elsewhere. Christmas trees have been banned for halls, and public institutions, although against great opposition.

Speakers at this session included Dr. Foster D. Snell, Brooklyn, T. Alfred Fleming of the National Board; Sherwood Brockwell, state fire marshal, North Carolina; Inspector R. B. Kurkiss of the Fire Prevention Bureau, Dayton; and Sir Aylmer Firebrace, chief of the fire staff of the British National Fire Service. The meeting closed with a symposium on protection of homes for aged and private hospitals.

#### Stresses Prevention Bureaus

Fire prevention bureaus were curtailed during the war under a shortsighted policy which reduced prevention activities on fires that hampered war production, according to Percy Bugbee, general manager N.F.P.A., speaking at the fire marshals meeting on "The Model Municipal Fire Prevention Bureau."

The severe and continued rise of fire losses now being experienced may well be traced to lessening of inspection work during that time, he said.

Mr. Bugbee traced the history of fire prevention bureaus from 1912 and then made recommendations for one set up now.

It must be established on a legal basis if effective results are to be expected, he said, and as an official arm of the fire department. It should have a fire prevention code to enforce its relationship with the city building department building code. He noted that in many cities conflict with the building department has been unfortunate because there need not be conflict, but rather cooperation in these matters.

#### Personnel Must Be Qualified

The man in charge of the bureau should hold sufficient rank to carry respect in the fire department and in larger cities should be an assistant or deputy chief. The personnel should be selected on the basis of qualification, as far too often the bureau has been a dumping ground for politically minded firemen, too lazy to use a hose. It should contain the most intelligent men in the department.

He recommended that the personnel become specialists in various fire hazards and occupancies and be trained to qualify for special work.

Mr. Bugbee said that the mistake has sometimes been made that when a bureau is established, regular inspections by the firemen are discontinued. These inspections should be carried on regularly from the fire house and violations and special hazards reported promptly.

An increasing amount of attention will be given in the future to fire prevention bureaus, Mr. Bugbee declared, and this phase will grow more important.

#### President Vernor's Report

Fire losses have been rising steadily over the past two years. President Richard E. Vernor, fire prevention manager, Western Actuarial Bureau, Chicago, said in his report, and the N.F.P.A. must redouble its efforts in attacking the problem of persistent effective public education, while realizing fully that there are a thousand other interests competing for the public ear.

Establishing a well organized community fire prevention committee is one effective means of accomplishing the job, he said, as there are many towns where no such organizations exist and he told the members that they face a challenge in implementing this program.

Noting that fire losses for the first four months of this year are over \$200 million, a \$75 million rise over the same period in 1945, together with a sharp increase in loss of life by fire, Mr. Vernor delved into some of the reasons for the present increase.

There is some consolation in the fact that values have increased in measuring fire losses by dollars, he commented, but a more accurate picture of what is happening is to be obtained if fire loss in terms of commodities, lumber or products could be determined.

He pointed out that the present trend

(CONTINUED ON PAGE 32)

## Words of Supreme Court in California Case

The text of the decision of the U. S. Supreme Court in *Robertson vs. California*:

This case differs from *Prudential Insurance Co. v. Benjamin*, No. 707, decided this day, in three respects. It is a criminal cause; the statutes involved regulate, rather than simply tax, the business of insurance; and appellant's acts failed to violate them were done before the McCarran act's effective date.

Appellant was convicted in a state court for violating §§ 703 (a) and 1642 of the California insurance code and the conviction was sustained on appeal to the superior court of Ventura county. Appellant now urges here primarily that the application which has been made of those sections is a regulation of interstate commerce forbidden by the commerce clause of the Constitution, Article I, § 8, in view of *United States v. South-Eastern Underwriters Ass'n*, 322 U. S. 533. He also puts forward due process and equal protection arguments, resting on his conception of the applicability of those provisions of the Fourteenth Amendment.

The California insurance code provisions are as follows:

"703. Except when performed by a surplus line broker, the following acts are misdemeanors when done in this state:

"(a) Acting as agent for a nonadmitted insurer in the transaction of insurance business in this state."

"1642. A person shall not act as an insurance agent, broker or solicitor until a license is obtained from the commissioner, authorizing such person so to act."

The complaint charged in two counts that appellant had (1) acted without a license as an agent for a nonadmitted insurer in soliciting and selling a policy contrary to § 703(a), and (2) solicited and sold a policy of insurance without being licensed as required by § 1642.

#### "Gold Seal" Policy

The evidence, which is undisputed, disclosed the following facts. The First National Benefit Society is an Arizona corporation, conducting from Phoenix a mutual benefit type of insurance business. Its method of operation must be inferred from the facts of record in the absence of other evidence. One O'Lein, then an elderly resident of Ventura, Calif., had difficulty in securing insurance on account of his age. Prior to Aug. 28, 1944, he had learned of the Society's "Gold Seal" policy, by radio and through "literature." This apparently was mailed from the home office and included a printed form of return postal card marked, presumably pursuant to postal permit, "Postage will be Paid by Addressee." The Society, O'Lein filled in and returned the card to the Society in Phoenix, asking it to "send me, without obligation, details of 'Gold Seal' Policies." A few days later, on Aug. 28, 1944, appellant called at O'Lein's home with the card, stating he represented the First National Benefit Society. Thereupon he explained to O'Lein the terms of the policy, its benefits, and costs, soliciting and persuading the prospect to take out a policy for himself and one also for his wife. No medical examination was required. Appellant filled in the application forms, procured the signatures, accepted from O'Lein a check made out in appellant's name in payment of the first quarterly premiums, gave receipt, later cashed the check at a local bank, and received the proceeds. A few days later the O'Lein received policies by mail from the Society's office in Phoenix.

The evidence further showed that the Society was not admitted to do business in California and that appellant had no license of any kind to act as an insurance agent, broker or solicitor there.

#### Objections Founded on Commerce Clause

We may deal first exclusively with the objections founded on the commerce clause, since each of the others would be obviously without merit but for the supposed effects of the South-Eastern decision not only in relation to the prohibitory consequences of that clause but also, apparently to resurrect other limitations upon state power long since settled adversely to such claims in reference to the business of insurance.

Little need be said in relation to the general license requirement of § 1642, except to state more fully its effects by virtue of its relation to other provisions of the California insurance code, which prescribe the conditions for securing the license. Those requirements, in summary, are that an application must be made upon a prescribed form setting forth the kinds of insurance the applicant desires to transact (§ 1643); he must be a citizen of the United States or one who has applied for citizenship; and must have attained his majority

(§ 1648.5); he must pass a written examination as to his qualifications (§ 1675) and pay two fees, one a filing fee of the other an examination fee of (§ 1678). On his fulfilling these conditions the license is issued if the commissioner of insurance is satisfied that he is qualified and intends to faithfully carry on the business (§ 1679).

#### Purpose of Code Provisions

Section 1639 declares that the purpose of these and other provisions of the code is "to protect the public by requiring and maintaining professional standards as the part of all insurance agents as and within this state." The statutory requirements apply to all agents, without discrimination, whether they represent California or out-of-state insurance companies and whether the business done is interstate or local in character. This applies only to agents acting in California not to acts done outside the state.

Appellant has not sought to obtain a license under the code provisions, has not been denied one, and has not attacked any particular requirement. His charge is wholesale, not particular. It is, in effect, that since the entire series of acts done by him was directed to the conclusion of an interstate transaction within the South-Eastern ruling, those acts though taking place altogether within California were inseparably a part of the interstate transaction and therefore beyond reach of the state's licensing or regulatory power. The contention appears to contemplate not only that appellant's acts were interstate commerce, but also that the state can not impose any licensing requirement upon them or it would seem, upon any phase of conducting an interstate insurance business through agents acting in California.

#### Minimum Standards of Decency

To state the argument in this way is in effect to answer it. We accept the regulation for what it purports to be in its face and by the statute's express declaration, namely, a series of regulations designed and reasonably adapted to protect the public from fraud, misrepresentation, incompetence and sharp practice which falls short of minimum standards of decency in the selling of insurance by personal solicitation and salesmanship. That such dangers may exist may even be widely prevalent in the absence of such controls, is a matter of common knowledge and experience. And no argument is needed to show that these evils are most apt to arise in connection with the activities of the less reliable and responsible insurers, as well as insurance brokers or salesmen, and vitally affect the public interest.

Such being the purpose and effect of § 1642, there can be no substantial question concerning its validity on commerce clause grounds. That is true whether appellant's acts are taken, in their setting, as being "in" commerce or only as "affecting" it. For the case is ruled so far as § 1642 is concerned, by decisions such as *California v. Thompson*, 313 U. S. 110; *Hartford Indemnity Co. v. Illinois*, 298 U. S. 155; *Smith v. Alabama*, 124 U. S. 465; *Nashville, C. & St. L. Ry. Co. v. Alabama*, 128 U. S. 96; and *Union Brokerage Co. v. Jensen*, 322 U. S. 8. 21.

If, in the absence of contrary action by Congress, a state may license agents or brokers for the sale of interstate transportation in order to prevent fraud, *California v. Thompson*, *supra*; trainmen engaged in interstate commerce to secure their competence, *Smith v. Alabama*, *supra*; *Nashville, C. & St. L. Ry. Co. v. Alabama*, *supra*; the sale on commission of interstate consignments of farm produce to secure honest dealing and financial responsibility, *Hartford Indemnity Co. v. Illinois*, *supra*; and the activities of customs brokers to secure responsibility in the state courts of claims arising locally, *Union Brokerage Co. v. Jensen*, *supra*, by the sorts of conditions imposed through the respective licensing provisions, there can be no valid reason for outlawing § 1642.

#### Regulatory, Not Exclusory

That appellant's activities were of a kind which vitally affect the welfare and security of the local community, the state and their residents could not be denied. Cf. *Hopeston Co. v. Cullen*, 31 U. S. 313, 316 ff. They had in fact a highly "special interest" in his localistic pursuit of this phase of the comprehensive process of conducting an interstate insurance business. Cf. *Union Brokerage Co. v. Jensen*, *supra*, at 212. Here as in each of the instances cited, appellant's activities called in question were concentrated in the regulating state, although affecting or constituting interstate commerce. Moreover the licensing provision of § 1642 is regulatory, not exclusory in character; is not discriminatory; is not in conflict with any policy or action of Congress but rather accords with its expressed views in so far as the McCarran act may be taken to be applicable; and is designed appropriately to secure the public from those evils of uncontrolled insurance solicitation to which it is subject.

(CONTINUED ON PAGE 10)

# Text of Premium Tax Decision Given

The text of the U. S. Supreme Court decision in *Prudential vs. Benjamin*:

This case and *Robertson vs. California* N. 274, decided today, bring not unexpected sequels to *U. S. vs. South-Eastern Underwriters Ass'n*, 322 U. S. 533. In cycle reminiscent conversely of views advanced there and in *Paul v. Virginia*, 8 Wall, 168, claims are put forward on the basis of the South-Eastern decision to sustain immunity from state taxation and, in the *Robertson* case, from state regulation of the business of insurance.

The specific effect asserted in this case is that South Carolina no longer can collect taxes from Prudential, a New Jersey corporation, which for years prior to 1945 the state had levied and the company had paid. The tax is laid on foreign insurance companies and must be paid annually as condition of receiving a certificate of authority to carry on the business of insurance within the state. The exaction amounts to 3% of the aggregate of premiums received from business done in South Carolina, without reference to its interstate or local character. No similar tax is required of South Carolina corporations.

#### Says Congress Consents to Tax

Prudential insists that the tax discriminates against interstate commerce and in favor of local business, since it is laid only on foreign corporations and is measured by their gross receipts from premiums derived from business done in the state, regardless of its interstate or local character. According it says the tax cannot stand consistently with many decisions of this Court outlawing state taxes which discriminate against interstate commerce. South Carolina denies that the tax is discriminatory or has been affected by the South-Eastern decision. But in any event it maintains that the tax is valid, more particularly in view of the McCarran act by which it is claimed Congress has consented to continuation of this form of taxation and thus has removed any possible constitutional objection which otherwise might exist. This Prudential asserts Congress has not done and could not do.

The state supreme court has held the continued exaction of the tax not to be in violation of the commerce clause or affected by the ruling made in the South-Eastern case. — S. C. —; 35 S. E. 2d 586. That holding presents the principal basis for this appeal.

#### Accommodating Two Powers

The versatility with which argument invests state and national power, each in alternation to ward off the other's incidence, is not simply a product of protective self-interest. It is a recurring manifestation of the continuing necessity in our federal system for accommodating the two great basic powers it comprehends. For this Court's part, from *Gibbons v. Ogden*, 9 Wheat. 1, no phase of that process has been more continuous or at times perplexing than reconciling the paramount national authority over commerce, created by Article I, § 8 of the Constitution, with appropriate exercise of the states' reserved powers touching the same or related subject matter.

The continuing adjustment has filled many of the great constitutional gaps of Marshall's time and later. But not all of the filling has been lasting. Great emphases of national policy swinging between nation and states in historic conflicts have been reflected, variously and from time to time, in premise and therefore in conclusion of particular dispositions. In turn, their sum has shifted and reshuffled the general balance of authority, inevitably producing some anomaly of logic and of result in the decisions.

No phase has had a more atypical history than regulation of the business of insurance. This fact is important for the problems now presented. They have origin in that history. Their solution cannot escape its influence. Moreover, in law as in other phases of living, reconciliation of anomalous behavior long continued, with more normal attitudes is not always easy, when the time for that adjustment comes.

#### Presentation of Attitudes

Essentially the problems these cases tender are of that character. It is not necessary to renew the controversy presented in South-Eastern. Whether or not that decision properly has been characterized as "precedent-smashing," there was a reorientation of attitudes toward federal power in its relation to the business of insurance conducted across state lines. Necessarily this worked in two directions. As the opinion was at pains to note, 322 U. S. 533, 545 ff., no decision previously had held invalid an act of Congress on the ground that such

business was beyond reach of its power, because previously no attempted exercise of that authority had been brought here in litigation. But from *Paul v. Virginia* to New York Life Ins. Co. v. Deer Lodge County, 231 U. S. 495, negative implication from the commerce clause was held not to place any limitation upon state power over the business, however conducted with reference to state lines. And comparatively this was taken widely, although not universally, to nullify federal authority until the question was squarely presented and answered otherwise in the South-Eastern case.

Whether *Paul v. Virginia* represented in its day an accommodation with or a departure from the preexisting evolution of commerce clause law and whether its ruling, together with later ones adhering to it, remained consonant with the subsequent general development of that law, may still be debated. But all may concede that the *Paul* case created for the business of insurance a special, if not a wholly unique, way of thinking and acting in the regulation of business done across state lines. See *Ribble, State and National Power over Commerce* (1937) 59, 186-187. The aegis of federal commerce power continued to spread over and enfold other business so conducted, in both general and specific legislative exertions. Usually this was with judicial approval; and, despite notable instances of initial hostility, the history of judicial limitation of congressional power over commerce, when exercised affirmatively, has been more largely one of retreat than of ultimate victory. The plain words of the grant have made courts cautious, except possibly in some of the instances noted, about nullifying positive exertions of Congress' power over this broad and hardy field. At the same time, physical and economic change in the way commerce is carried on has called forth a constantly increasing volume of legislation exercising that power.

#### No Particularized Reference

Concurrently with this general expansion, however, from *Paul* to South-Eastern the states took over exclusively the function of regulating the insurance business in its specific legislative manifestations. Congress legislated only in terms applicable to commerce generally without particularized reference to insurance. At the same time, on the rationalization that insurance was not commerce, yet was business affected with a vast public interest, the states developed comprehensive regulatory and taxing systems. And litigation of their validity came to be freed of commerce clause objections, at any rate from *Deer Lodge* on to South-Eastern. Due process in its jurisdictional aspects remained to confine the reach of state power in relation to business affecting other states. But the negative implications of the commerce clause became irrelevant, as such, for the valid exercise of state regulatory and taxing authority.

Meanwhile the business of insurance experienced a nation-wide expansion graphically depicted not only in the facts of the situation presented in the South-Eastern case but also in the operations of Prudential as described by its advocates in this cause. These divergent facts, legal and economic, necessarily were reflected in state legislation. States grappling with nation-wide, but nationally regulated, business inevitably exerted their powers to limits and in ways not sought generally to be applied to other business held to be within the reach of the commerce clause's implied prohibition. Obvious and widespread examples are furnished in broad and detailed licensing provisions, for the doing of business within the states, and in connected or distinct taxing measures drawn in apparent reliance upon freedom from commerce clause limitations.

#### Two-Edged Instrument

Now we are told many of these statutes no longer can stand. The process of readjustment began affirmatively with South-Eastern. Since the commerce clause is a two-edged instrument, the indicated next step, indeed the constitutionally required one, as the argument runs, is to apply its negatively cutting edge. Conceptions so developed with reference to other commerce must now be extended to the commerce of insurance in completion of the readjustment. This, it is confidently asserted, will require striking down much of the state legislation enacted and effective prior to the South-Eastern decision. Particularly will this be true of all discriminatory state taxes, of which it is said South Carolina's is one. Moreover, those results must follow regardless of the McCarran act's provisions. For by that act, in Prudential's assessment, Congress neither intended to, nor could, validate such taxes.

It is not surprising that the attack is so broad. When a decision is conceived as precedent-smashing, rightly or wrongly, the conception's invitation may be to greater backtracking than is done in spite of warning to proceed with care. 322 U. S. 533, 547 ff.

Prudential's misconception relates not to the necessity for applying, but to

the nature and scope of the negative function of the commerce clause. It is not the simple, clean-cutting tool supposed. Nor is its swath always correlative with that cut by the affirmative edge, as seems to be assumed. For cleanly as the commerce clause has worked affirmatively on the whole, its implied negative operation on state power has been uneven, at times highly variable. More often than not, in matters more governable by logic and less by experience, the business of negative implication is slippery. Into what is thus left open for inference to fill, divergent ideas of meaning may be read much more readily than into what has been made explicit by affirmation. That possibility is broadened immeasurably when not logic alone, but large choices of policy, affected in this instance by evolving experience of federalism, control in giving content to the implied negative. In all our constitutional history this has become no more apparent than in commerce clause dispositions.

That the clause imposes some restraint upon state power has never been doubted. For otherwise the grant of power to Congress would be wholly ineffective. But the limitation not only is implied. It is open to different implications of meaning. And this accounts largely for variations in this field continuing almost from the beginning until now. They started with Marshall and Taney, went forward from Waite to Fuller, and have been projected in later differences perhaps less broad, but hardly less controversial. Consequently in its prohibitive, as in its affirmative or enabling, effects the history of the commerce clause has been one of very considerable judicial oscillation.

#### Tendency to Sustain State Tax

Moreover, the parallel encompasses the latest turn in the long-run trend. For, concurrently with the broadening of the scope for permissible application of federal authority, the tendency also has run toward sustaining state regulatory and taxing measures formerly regarded as inconsonant with Congress' unexercised power over commerce, and to doing so by a new, or renewed, emphasis on facts and practical considerations rather than dogmatic logistic. These facts are of great importance for disposing of such controversies. For in effect they have transferred the general problem of adjustment to a level more tolerant of both state and federal legislative action.

We are not required however to consider whether, on that level, the authorities on which Prudential chiefly relies would require invalidation of South Carolina's tax. For they are not in point.

As has been stated, they are the cases which from *Welton v. Missouri*, 91 U. S. 275, until now have outlawed state taxes found to discriminate against interstate commerce. No one of them involved a situation like that now here. In each the question of validity of the state taxing statute arose when Congress' power lay dormant. In none had Congress acted or purported to act, either by way of consenting to the state's tax or otherwise. Those cases therefore presented no question of the validity of such a tax where Congress had taken affirmative action consenting to it or purporting to give it validity. Nor, consequently, could they stand as controlling precedents for such a case.

#### Puts McCarran Act Aside

This would seem so obvious as hardly to require further comment, except for the fact that Prudential has argued so earnestly to the contrary. Its position puts the McCarran act to one side, either as not intended to have effect toward validating this sort of tax or, if construed otherwise, as constitutionally ineffective to do so. Those questions present the controlling issues in this case. But before we turn to them it will be helpful to note the exact effects of Prudential's argument.

Fundamentally it maintains that the commerce clause "of its own force" and without reference to any action by Congress, whether through its silence or otherwise, forbids discriminatory state taxation of interstate commerce. This is to say, in effect, that neither Congress acting affirmatively nor Congress and the states thus acting coordinately can validly impose any regulation which the Court has found or would find to be forbidden by the commerce clause. If laid only by state action taken while Congress' power lies dormant. In this view the limits of state power to regulate commerce in the absence of affirmative action by Congress are also the limits of Congress' permissible action in this respect, whether taken alone or in coordination with state legislation.

#### Congress, States Team Up

Merely to state the position in this way compels its rejection. So conceived, Congress' power over commerce would be nullified to a very large extent. For in all the variations of commerce clause theory it has never been the law that what the states may do in the regulation of commerce, Congress being silent, is the full measure of its power. Much less has this boundary been thought to confine what Congress and the states acting together may accomplish. So to

regard the matter would invert the constitutional grant into a limitation upon the very power it confers.

The commerce clause is in no sense a limitation upon the power of Congress over interstate and foreign commerce. On the contrary, it is, as Marshall declared in *Gibbons v. Ogden*, a grant to Congress of plenary and supreme authority over those subjects. The only limitation it places upon Congress' power is in respect to what constitutes commerce, including whatever rightly may be found to affect it sufficiently to make Congressional regulation necessary or appropriate. This limitation, of course, is entirely distinct from the implied prohibition of the commerce clause. The one is concerned with defining commerce, with fixing the outer boundary of the field over which the authority granted shall govern. The other relates only to matters within the field of commerce, once this is defined, including whatever may fall within the "affectation" doctrine. The one limitation bounds the power of Congress. The other confines only the powers of the states. And the two areas are not coextensive. The distinction is not always clearly observed, for both questions may and indeed at times do arise in the same case and in close relationship. But to blur them, and thereby equate the implied prohibition with the affirmative endowment is altogether fallacious. There is no such equivalence.

#### Dormancy of Power

This appears most obviously perhaps in the cases most important for the decision in this cause. They are the ones involving situations where the silence of Congress or the dormancy of its power has been taken judicially, on one view or another of its constitutional effects, as forbidding state action, only to have Congress later disclaim the prohibition or undertake to nullify it. Not yet has this Court held such a disclaimer invalid or that state action supported by it could not stand. On the contrary in each instance it has given effect to the Congressional judgment contradicting its previous one.

It is true that rationalizations have differed concerning those decisions, indeed also that the judges participating in them differed in this respect. But the results have been lasting and are at least as important, for the direction given to the process of accommodating federal and state authority, as the reasons stated for reaching them. None of the decisions conceded, because none involved any question of the power of Congress to make conclusive its own mandate concerning what is commerce. But apart from that function of defining the outer boundary of its power, whenever Congress' judgment has been uttered affirmatively to contradict the Court's previously expressed view that specific action taken by the states in Congress' silence was forbidden by the commerce clause, this body has accommodated its previous judgment to Congress' expressed approval.

#### Overriding Action

Some part of this readjustment may be explained in ways acceptable on any theory of the commerce clause and the relations of Congress and the Courts toward its functioning. Such explanations, however, hardly go to the root of the matter. For the fact remains that, in these instances, the sustaining of Congress' overriding action has involved something beyond correction of erroneous factual judgment in deference to Congress' presumably better-informed view of the facts, and also beyond giving due deference to its conception of the scope of its powers, when it repudiates, just as when its silence is thought to support, the inference that it has forbidden state action.

Prudential has not squarely met this fact. Fixed with the sense of applicability of the *Welton* or *Shelby County* line of cases, it rather has posed an enigma for the bearing of the Bridge and liquor cases upon the decision to be made. It is, if the commerce clause "by its own force" forbids discriminatory state taxation, or other measures, how is it that Congress by expressly consenting can give that action validity?

The answer need not be labored. Prudential in this case makes no contention that commerce is not involved. Its contention is exactly the opposite. Its contention founded on the commerce clause is one wholly of implied prohibition within the field of commerce.

#### McCarran Act Validity

This it regards as operative not only in Congress' silence, but in the face of its position expressed by the McCarran act that the continued regulation and taxation by the states of the business of insurance is in accord with Congress' policy. That expression raises questions concerning its own validity and also concerning whether the policy stated extends to the kind of state legislation which is immediately in issue. But those questions are not answered, as Prudential seeks to have them answered, by any conception that Congress' declaration of policy adds nothing to the validity of what the states have done within

(CONTINUED ON PAGE 18)

# 81 YEARS

Here are reasons why agents find it easier to sell RELIABLE FIRE INSURANCE. Reliable has 81 years of experience in giving agents and customers Satisfaction in the prompt payment of all just claims...81 years of healthy growth...a reputation that convinces prospective insurance buyers to buy from a RELIABLE Agent.



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An Independent Ohio Company

## Gloom Hits Texas in Wake of May Winds

### \$10 Million Loss for Month Boosted \$2 Million Memorial Day

DALLAS—The gloom that enveloped Mudville after Casey took his third cut has been legend for these many years, but Mudville's dolorousness is Sunday school stuff compared to the feelings of fire insurance men of Texas at the present time. Casey struck out, but the hail and winds have struck Texas and adjoining states and they stayed long enough to establish what is expected to be the worst windstorm year on record and the sixth month just beginning. This includes those years when hurricanes have done their worst.

The year had hardly checked onto the calendar when the rains and hail came, and steadily and relentlessly they continued during the first four months, and then came May. Long will that month be remembered. The storms in the early months were just trial splashes compared to the May record.

#### Fire Loss Steadily Rises

Then, just to cinch the record of devastation for the fire insurance companies, fire losses have continued on the steady upward trend that set in two or three years ago, and many of the company leaders will tell you that regardless of what happens, they will have an overall underwriting loss on Texas business. Needless to say, the Texas insurance department will be urged to review the entire fire and windstorm rating picture, and to grant substantial increases. Also there is expected to be greater demand for a statewide mandatory deductible for windstorm, because the inland area, in 1945, just as it has done in a majority of the last several years, showed greater losses than the seacoast area, where a \$50 deductible now is mandatory.

#### Miazza Thought May Was Over

James Miazza, assistant general manager southwestern department of Fire Companies Adjustment Bureau, thought that he had wrapped up the May story in his bulletin of May 25 in which he estimated that insurance losses in Texas during May would reach \$10,140,500 represented by 62,950 claims, and of this amount \$6 million would come from 30,000 claims in San Antonio for its storm of May 16. However, May still had six days to go and on Memorial Day high winds and rains hit the south side of San Antonio, an area that had not been hit by the earlier storm, and losses are estimated at between \$750,000 and \$1 million. The same day the rains hit Dallas and it brought more hail, and losses here are expected to add close to another million to the Texas report.

In addition there were storms during May at Alexandria, La., 4,000 claims; Holdenville, Okla., 1,000 claims and western Oklahoma, 1,000 claims.

For the last week rivers have been out of their banks, farm lands have been inundated, and roads have been blocked.

The windstorm report for last year shows losses for the entire state were more than \$7 million and of this approximately \$4½ came from the inland area. The 1945 loss ratio was 50 plus. The losses for May alone will exceed these figures this year. That explains the gloom in the Texas Mudville.

## Midwest Hail and Wind Losses High

A number of storms in northern Kansas, southern Nebraska and western Iowa have chalked up an estimated \$675,000 or more in hail and windstorm losses. Hail losses from a storm which hit Hastings and Grand Island, Neb., on May 29 are expected to reach about \$550,000. Around 2,000 claims are expected in Hastings and will average \$200 apiece, while at Grand Island about 1,500 claims are expected at \$100 apiece.

Windstorm losses in Creston, Ia., will probably be around \$125,000 from 1,000 claims resulting from a tornado that whipped through town May 30.

Scattered losses from the two storms are expected along their courses and may run the bill up another \$100,000.

Hail losses on growing wheat in Kansas were very light and widely scattered until May 23, when widespread losses hit the northwest section of the state, numerous losses being reported to the Kansas-Oklahoma loss clearing house from Phillipsburg west to the state line. St. Francis in Cheyenne county seemed to be the worst hit, 107 losses being reported there in one day. The past week 646 losses were reported by 13 of the 16 hail writing companies and groups that are members of the clearing house. St. Paul F. & M., represented by Van Arsdale & Osborne, was hardest hit as to loss reports with 128 for the week, followed by 78 for the Cavanaugh Co., 73 by Rain & Hail Insurance Bureau, 56 by America Fore and 54 by the Midland General Agency.

Rains during the week have boosted wheat prospects in the western counties, where the crop was reported to be deteriorating rapidly due to lack of moisture, especially in the southwest counties. Hail premiums are reported well ahead of last year by most companies and groups. Harvest has now started in Sumner county, in the south central part of the state, several days ahead of normal.

## Wisconsin Field Meetings Program

The program for the meeting of the Wisconsin field groups at the Lake Lawn hotel at Lake Delavan will get under way June 18 with a meeting of the Wisconsin Blue Goose and initiation.

Wednesday morning, June 19, business meetings will be held by the three field organizations, Wisconsin Fire Underwriters Association, representing Western Underwriters Association companies, Wisconsin Insurance Club, composed of Western Insurance Bureau field men, and Illinois Field Club, which is the Illinois group of Bureau men. The Illinois and Wisconsin Bureau groups have held joint meetings for several years. Officers will be elected in each case.

#### Joint Meeting Scheduled

Later that morning, the three groups will hold a joint meeting, at which J. C. O'Connor, Chicago, editor "Fire, Casualty & Surety Bulletins" and associate editor THE NATIONAL UNDERWRITER, will speak. He is expected to discuss several questions of interest, including developments in business interruption insurance and the current legal status of insurance. There will be golf, baseball, horseshoe and other contests in the afternoon and the following morning and Wednesday evening there will be a social hour and dinner.

H. L. Mauritson, Milwaukee, Fireman's Fund, is in charge of reservations. W. D. Johnston, Springfield F. & M., is president of the Wisconsin Fire Underwriters Association; E. P. Koepke, Northwestern National, of the Wisconsin Insurance Club and Henry Tuerk, Peoria, Millers National, of the Illinois Field Club. W. W. Sukow, Travelers Fire, is most loyal gander of the Wisconsin Blue Goose.

## Adjusters in Session at Philadelphia

The annual convention of the National Association Independent Insurance Adjusters is under way this week at Philadelphia.

Sessions begin Thursday morning with a welcome address by Mayor Samuels of Philadelphia and a response by President N. B. Tierney, Toplis & Harding, Chicago. These will be followed by a talk on conditions in Germany. France and other occupied countries by Willis Smith, president American Bar Association.

An honorary luncheon for Mr. Smith will be given Thursday noon.

Three talks are to be given in the afternoon session. George Orr, director of claims, U. S. Aviation Underwriters, speaks on "Handling Aviation Liability Claims." F. D. Hawkins, loss manager United Mutual Fire, on "Inland Marine Coverages & Adjustments and Personal Property Floater"; Dr. A. M. Ornstein, is to talk on the "Psychological Bases of Mental Disorders." A get-acquainted stag meeting is to be held Thursday evening.

Mr. Tierney is in charge Friday and the meeting opens with a talk on the importance of the claims man in public relations by Frank Van Orman, vice-president and general counsel Bankers Indemnity. He will be followed by Ernest W. Fields, vice-president and assistant general counsel, U. S. Guarantee, who speaks on "Theft Law & Society."

A joint luncheon of the Philadelphia Claim Association and members of the National association will be at noon and Justice G. F. McLaughlin discusses admissible evidence contained in signed statements.

The Friday afternoon meeting features talks by Clarence R. Conklin of the Chicago law firm of Heineke & Conklin, on "Legal Problems Pertaining to Inland Marine"; Alfred Persson, president Toplis & Harding, Chicago, on "Use & Occupancy"; and Richard G. Osgood, vice-president, North America on "Loss Adjustments in Relation to the Company and Agents." These will be followed by a general discussion.

On Saturday there will be a business meeting and election of officers.

## President Randall, Travelers, Sees Integrity, Courage and Vision in Agency's Record

The 50 years' service of the Rockwood Co. agency of Chicago to the insuring public has been founded on vision, courage and integrity, Jesse W. Randall, president of Travelers, declared in a talk at the golden anniversary dinner of the agency.

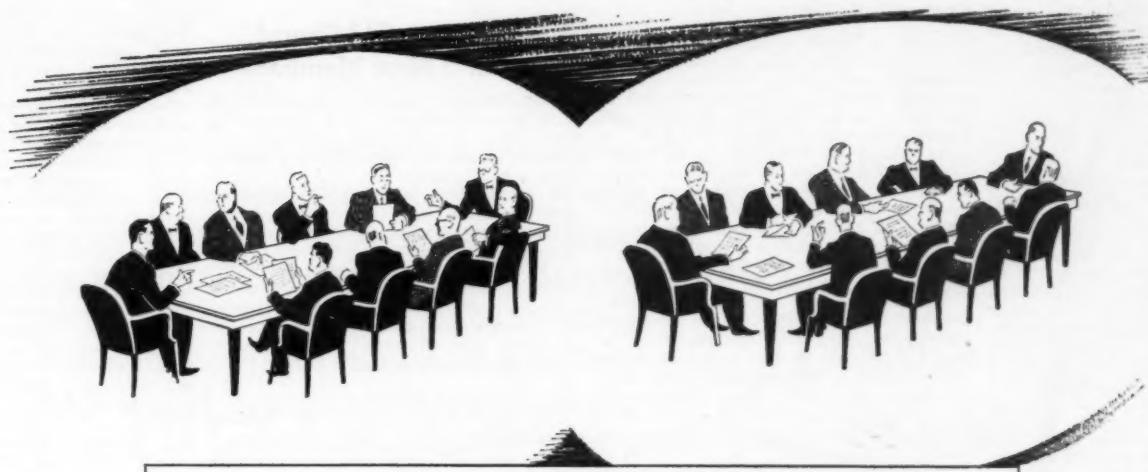
He noted that the agency had the integrity to meet and discharge all its obligations without regard to cost; the vision to see the great value of insurance and the possibilities in the insurance business; and also the courage to rise superior to the many adversities it has encountered in a half century.

He touched on the early history of the agency, which in addition to being general agent of Travelers' life and accident department for 50 years, also has conducted a general insurance business in all lines for that period. The original agency was Taft & Rockwood, which later became Rockwood-Badgerow, and some 10 years ago took the simpler present title.

Esmond Ewing, first vice-president of Travelers Fire, gave a brief talk and Harry W. Anderson, assistant superintendent of agencies of Travelers, former life department manager of Rockwood Co., took a bow.

An hour of refreshments preceded the dinner, which was informal but sumptuous. A number of company managers of Chicago were introduced and spoke briefly. W. Carter Butler, president of Rockwood Co., presided, and Mrs. Butler also sat at the head table.

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## An Agents' Advisory Committee **18,000 STRONG**

EACH YEAR, North America selects two Agents' Advisory Committees, Fire and Casualty, to confer with its executives and department heads about the problems of production and underwriting.

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## E. M. Allen Warns Agents Against Tight Rate Control

Edward M. Allen, giving his last speech before an agents organization in the capacity of a company executive, urged the members of the Vermont Association of Insurance Agents at their midyear meeting at Woodstock, in their own interest and that of their policyholders to study carefully the proposed rate regulatory legislation. Mr. Allen is retiring July 1 as executive vice-president of National Surety after 48 insurance years.

If the proposed laws are enacted, Mr. Allen declared, it will not be possible for a company or agent to quote or apply a rate for a policy unless it has been first approved by the state, nor will it be possible to issue any form of binder, policy, rider or endorsement until the documents have been approved in each state where the forms are to be used.

Control of expenses is being advocated in certain quarters that will lead up to control of the amount of commission that may be allowed. "In other

words," he said, "the control and regulatory authorities will tell the business men of insurance what type of coverage they may sell, what price they may charge for it and the amount of expense they may incur in development and handling of the business."

### Control Is Repugnant

Continued price control is repugnant to Americans, he said, yet certain segments of the insurance industry are advocating legislation to place control of insurance prices definitely in the hands of state officials.

Mr. Allen declared this may be the only way out following the S.E.U.A. decision but he warned "that your livelihood is dependent upon legislation which will protect not only your interest, but the interest of policyholders . . . and also protect the solvency of insurance carriers . . ."

The outlook for free enterprise in insurance is decidedly dark if complete control is vested in state authorities, he declared, and if insurance ceases to be self-controlled, self-regulated and self-governed, the effect upon business in general will be serious and may lead up to the development of a completely controlled economy.

The organized agents are stronger

now than they have ever been and they can exert a powerful influence for good. The state units and the National association should decide upon a fair and proper program to be followed after Jan. 1, 1948, "which date is just around the corner."

## America Fore Old Guard Takes in 3 New Members

The America Fore "Old Guard" took in three new members at a luncheon at the Union League Club, Chicago, recently. Each has been with America Fore for 25 years.

New members are Ralph G. Vincent, state adjuster for Wisconsin for the group, with headquarters at Madison; Roman J. Geigner, cashier; and Philip L. DiCicco, assistant supervisor of the statistical department.

Vice-president E. A. Henne presented the insignia and gold wrist watches to the new members and greetings were read from President B. M. Culver.

The annual meeting of the Indiana Blue Goose will be held at the Broadmoor Country Club at Indianapolis, July 1.

## N.A.I.C. Group Refrains from Making Suggestion as to Profit Formula

NEW YORK—The report of the commissioners special subcommittee on classification of fire risks refers to the commissioners' 1921 formula on profit but states that in view of the studies in connection with the distribution of expenses which are now in progress any recommendation on this particular subject at this time would be premature and accordingly the subcommittee makes no recommendation.

The subcommittee, working with industry representatives, has given serious study to the problem of a formula for determination of earned premiums and a tentative formula has been suggested but the subcommittee is unwilling to recommend its use to the full committee at this time first because the question of earned premiums by states is a part of the whole rate-making and uniform accounting investigation now being conducted and, therefore, presentation of the formula now would be premature, and second because the method of determining earned premiums is now being litigated in the District of Columbia rate case and the determination of the court in that case may shed additional light on the problem and may establish legal principles which will be of assistance to the subcommittee in making its final recommendations. The subcommittee consists of Dineen of New York, chairman, Harrington of Massachusetts and Allyn of Connecticut.

## New Edition of Hedges' Textbook Published

A new and completely revised edition of "Practical Fire and Casualty Insurance," by J. Edward Hedges, has been published by the Cincinnati office of the National Underwriter Co. The first edition, published late in 1943, has been out of print for almost a year. It was one of the most popular insurance texts ever published and was used extensively both as a college text book and as a reference and study basis by insurance men.

The new edition reflects the sweeping changes in every line of insurance since the original publication and has been enlarged in many particulars. The fire insurance chapters, for example, have been rewritten around the 1943 New York standard fire policy. The book, which originally grew out of Prof. Hedges' mimeographed correspondence course for students for Indiana agency license examinations, is an elementary outline of fire, inland marine, casualty and surety coverages, presented purely from the viewpoint of the practical student of insurance. The new edition has already been ordered by several colleges as an insurance text.

A graduate of Baker University, University of Kansas and Johns Hopkins University, Prof. Hedges taught insurance and economics at Emory University before going to Indiana University as associate professor of insurance. He returned to Bloomington last fall after spending 18 months in Washington with the Foreign Economic Administration. His work with the Indiana Association of Insurance Agents on short course schools and other educational projects has made him known to insurance men throughout the country. Indiana was one of the few states which successfully kept its short course schools going through the war. At present, Prof. Hedges is preparing the most ambitious program offered by any agents' association in collaboration with a university—a four weeks intensive course, primarily for war veterans, during which the entire 100 hour course of the National Association of Insurance Agents will be given, followed by a two-day review for all interested insurance men. He is a member of the executive committee of the American Association of University Teachers of Insurance.

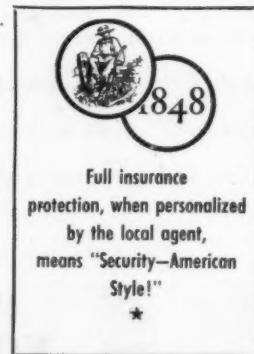
"Practical Fire and Casualty Insurance" sells for \$3 and may be ordered from any office of THE NATIONAL UNDERWRITER.



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must sell the "significance" of insurance—what it's doing to make the community safer and happier. One way is through a public relations program of fire and accident education and prevention. The ostrich sets a poor example for insurance public relations.



## Ohio Farmers

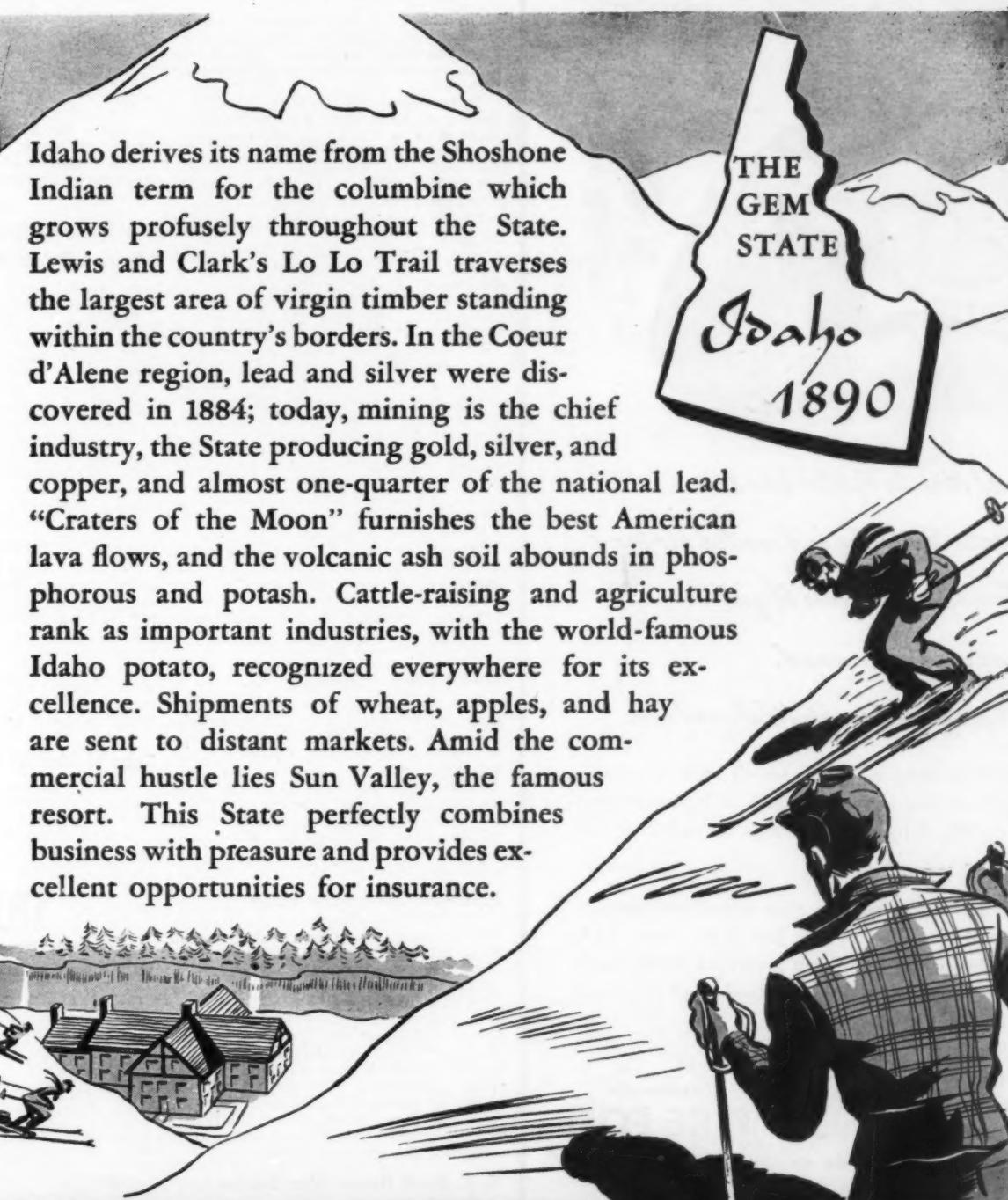
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Idaho derives its name from the Shoshone Indian term for the columbine which grows profusely throughout the State. Lewis and Clark's Lo Lo Trail traverses the largest area of virgin timber standing within the country's borders. In the Coeur d'Alene region, lead and silver were discovered in 1884; today, mining is the chief industry, the State producing gold, silver, and copper, and almost one-quarter of the national lead. "Craters of the Moon" furnishes the best American lava flows, and the volcanic ash soil abounds in phosphorous and potash. Cattle-raising and agriculture rank as important industries, with the world-famous Idaho potato, recognized everywhere for its excellence. Shipments of wheat, apples, and hay are sent to distant markets. Amid the commercial hustle lies Sun Valley, the famous resort. This State perfectly combines business with pleasure and provides excellent opportunities for insurance.


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*What would Nero the Fiddler have done  
If Automatic Sprinkler had spoiled his fun?  
Rome wouldn't have blazed  
and a Caesar, amazed.  
Would have picked up his fiddle and run.*

The familiar proverb, "Rome wasn't built in a day", could be aptly applied to the thousands of businesses that are yearly destroyed by fire, hundreds of which sustain financial ruin.

In figures, this statement is even more shocking . . . over twelve billion dollars of fire loss in 30 years. And, much of this loss could have been prevented on the basis of today's improved fire-fighting methods and advanced fire protection equipment. "Automatic" Sprinkler systems, for example, are now available in every field of activity and lives and property are safeguarded as it was never thought possible to do in the past.

Yes, there's an "Automatic" Sprinkler system to suit your most rigid fire protection requirements. Why don't you investigate today? There's no obligation.



—a famous member of the "Automatic" Sprinkler Family. Provides adequate protection for quench tank, transformer, oil line and other fires of flammable liquid origin.

## "Automatic" Sprinkler

**"AUTOMATIC" SPRINKLER CORPORATION OF AMERICA**

YOUNGSTOWN, OHIO . . . . . OFFICES IN 37 CITIES

"Automatic" Sprinkler designs, manufactures and installs a complete line of fire protection devices and systems for all types of fire hazards. Listed by Underwriters' Laboratories, Inc., and approved by Factory Mutual Laboratories

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## See Forbes or Parkinson as N.A.I.C. Chairman

On the eve of the insurance commissioners' convention at Portland, Ore., there has been little general speculation as to how the election of officers may turn out.

It has been taken for granted that Dineen of New York, who is vice-president, will be elected as the new president succeeding McCormack of Tennessee and that Thompson of Oregon, presently chairman of the executive committee, will be advanced to vice-president and put in line for the top position next year.

The interest, therefore, lies in the choice of a new executive committee chairman. It has been the custom of the association to provide for geographical rotation, and from the geographical standpoint the election of a middlewestern commissioner would appear to be the logical step.

The outgoing president is from the south, the new president will be from the east and the new vice-president from the far west.

If the choice is to be made from among the middle western group, the most logical possibilities, on the basis of length of time in office and leadership in association affairs, would appear to be Forbes of Michigan and Parkinson of Illinois. So far as can be determined, nothing resembling a campaign has been organized in behalf of either of these commissioners, but it seems to be the consensus that the field naturally narrows down to them if it is to be the turn of the middlewest this year.

### Union League Meeting

The June luncheon of the insurance membership group of the Union League Club of Chicago will be held the 18th.

The speaker will be Levering Cartwright, managing editor THE NATIONAL UNDERWRITER, who will be fresh from attending the annual meeting of the National Association of Insurance Commissioners at Portland, Ore. His subject will be "Behind the Scenes at the Commissioners' Convention."

### Plans for Librarians Rally

BOSTON—A feature of the convention of the Special Libraries Association to be held here June 13-15 will be a gathering June 13 of insurance librarians who will hold several group meetings. There will be a luncheon at which Ellen Commons, librarian of the social security board will speak on "Trends in Social Security" and an afternoon tea at the home office of New England Mutual Life. Members of New England Mutual dramatic group will present a skit at a breakfast June 14 and June 15 the Insurance Library Association of Boston will entertain the group at luncheon.

### S. F. Pond Hears War Stories

Bert Stewart, Jr., public relations director National Automobile Club, addressed the San Francisco Blue Goose on "My Observations in the South Pacific." Mr. Stewart, who was introduced by L. S. Bush, Pacific Board, gave an interesting resume of his two years in Pacific Ocean islands.

This was the last "speaker meeting" of the current season. F. L. Ingersol, most loyal gander, closed the series, paying tribute to H. E. Manners, past most loyal gander, general manager National Automobile Club, for providing outstanding speakers.

### Founders F. & M. to Sell Stock

LOS ANGELES—Commissioner Garrison has issued a permit to Founders Fire & Marine to sell 100,000 shares of its capital stock of \$10 par value at \$40 per share, to produce \$1 million capital and \$3 million surplus. There is to be no selling expense except salaries of employees and legal fees. Unless extended, the permit expires Nov. 24.

## Hines Ohio Farmers Ill. State Agent

Leroy G. Hines, for five years engineering service special agent of Ohio Farmers in Indiana, has been transferred to Illinois as state agent for the entire state, with headquarters at Peoria.

Before going with Ohio Farmers, he was rate supervisor of the Indiana department, taking that position after several years with the Indiana Inspection Bureau. Mr. Hines has been active in association work. He is now president of the Indiana Field Club and secretary-treasurer of the Indiana Fire Prevention Association.

### Western Adjustment Makes Ky. and Wis. Changes

F. B. Nelson, Kentucky regional supervisor and Louisville branch manager of Western Adjustment, has relinquished the Louisville branch management, and is succeeded by General Adjuster C. A. Smith.

Mr. Nelson will continue to serve as regional supervisor. This change is designed to afford Mr. Nelson a measure of relief from very heavy duties and to give Mr. Smith recognition in accordance with company policy. These men have each been with the company more than 20 years and are adjusters of wide experience and established ability.

### Donahue Is Promoted

Western Adjustment has also promoted General Adjuster E. T. Donahue of Milwaukee to assistant manager of the Milwaukee branch. He will continue his duties as general adjuster for Wisconsin. He is a 17-year man with the company. O. C. Heiam, regional supervisor of Wisconsin and manager of the Milwaukee branch, continues in those posts.

### Crim to Pioneer Equitable

C. C. Crim, who has been a claim adjuster for American States Fire at Evansville, Ind., has gone with the claim department of Pioneer Equitable at Lebanon, Ind.

## STOCKS

By H. W. Cornelius, Bacon, Whipple & Co., 133 So. La Salle St., Chicago, June 3, 1946

Par	Div.	Bid Asked
Par	Div.	Bid Asked
American Auto. . . . .	.80	35 1/2 37
Aetna Cas. . . . .	10 .00	97 100
Aetna Fire . . . . .	10 1.80*	55 1/2 57
Aetna Life . . . . .	10 1.60*	56 1/2 58
Amer. Alliance . . . . .	10 1.00*	23 1/2 25
Amer. Cas. . . . .	10 .60	11 1/2 12 1/2
Amer. Equitable . . . . .	5 1.00	22 1/2 23 1/2
Amer. (N. J.) . . . . .	2.50 .70*	22 1/2 23
Amer. Surety . . . . .	25 2.50	72 74
Balt. Amer. . . . .	2.50 .30*	7 1/2 8 1/2
Boston . . . . .	100 2.10*	68 1/2 70
Camden Fire . . . . .	5 1.00	24 25 1/2
Conti. Cas. . . . .	10 2.00*	53 1/2 55 1/2
Cont. N. Y. . . . .	2.50 2.00*	55 56
Fidelity-Phen. . . . .	.50 2.20*	61 63
Fire Assn. . . . .	10 2.50	62 64
Firemen's (N. J.) . . . . .	5 .50	14 1/2 15 1/2
Firemen's Fund . . . . .	10 3.00	117 122
Franklin Fire. . . . .	5 1.00	24 25 1/2
Glen Falls . . . . .	5 1.85*	58 60
Globe & Repub. . . . .	5 .50	11 1/2 12 1/2
Gt. Amer. Fire. . . . .	5 1.20*	32 34
Hanover Fire. . . . .	10 1.20	31 32 1/2
Hartford Fire. . . . .	10 2.50*	127 138
Home (N. Y.) . . . . .	5 1.20	32 33 1/2
Ins. Co. of N. A. . . . .	3.00* .00	108 109
Maryland Cas. . . . .	1 .00	23 1/2 24 1/2
Mass. Bonding. . . . .	12.50 4.00	96 99
Natl. Cas. . . . .	10 1.25*	27 29
Natl. Fire. . . . .	10 2.00	64 66
Natl. Liberty. . . . .	2 .30*	7 1/2 8
Natl. Un. Fire. . . . .	20 5.00*	198 205
New Amst. Cas. . . . .	3 1.00	34 1/2 36
New Hamp. . . . .	10 1.90	52 54
North River . . . . .	2.50 1.00	25 26 1/2
Ohio Cas. . . . .	5 .80	35 36
Phoenix Conn. . . . .	10 .00	21 24
Preferred Acc. . . . .	5 .80	14 1/2 15 1/2
Prov. Wash. . . . .	10 1.40*	42 44
St. Paul F. & M. . . . .	12.50 2.00	79 81
Security, Conn. . . . .	10 1.40	35 1/2 37
Springf. F. & M. . . . .	25 4.75	120 128
Standard Acci. . . . .	10 1.45	35 1/2 37
Travelers . . . . .	100 18.00	679 688
U. S. F. & G. . . . .	10 2.00	50% 52
U. S. Fire. . . . .	4 2.00	60 62

\*Includes extras.

Farmers

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A. Whipple &  
Chicago.

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120 122  
35 1/2 37  
679 689  
50 52  
60 62



Strength

UNITED STATES RESOURCES  
AS OF DECEMBER 31, 1945

SURPLUS TO POLICYHOLDERS  
(Includes Capital)

Year Established		ADMITTED ASSETS	LIABILITIES	CAPITAL	Annual Statement Basis	Market Values Dec. 31, 1945
1896	American & Foreign Insurance Company . . .	\$ 9,860,261	\$ 3,745,414	\$1,500,000	\$ 6,114,847	\$ 6,381,194
1863	The British & Foreign Marine Ins. Co., Ltd.† . .	6,338,387	3,140,664	500,000	3,197,723	3,428,515
1911	Capital Fire Insurance Company of California . .	2,965,027	889,957	1,000,000	2,075,070	2,218,723
1922	Eagle Indemnity Company . . . . .	14,874,297	10,154,571	1,000,000	4,719,726	5,286,606
1908	Federal Union Insurance Company . . . . .	4,539,076	2,042,117	1,000,000	2,496,959	2,646,151
1911	Globe Indemnity Company . . . . .	55,780,079	30,690,537	2,500,000	25,089,542	27,606,103
1836	The Liverpool & London & Globe Ins. Co. Ltd.† .	24,837,202	15,835,556	500,000	9,001,646	9,921,045
1811	The Newark Fire Insurance Company . . . . .	14,063,222	6,679,101	2,000,000	7,384,121	7,907,479
1891	Queen Insurance Company of America . . . . .	32,038,885	17,178,043	5,000,000	14,860,842	16,066,044
1910	Royal Indemnity Company . . . . .	51,001,959	30,511,857	2,500,000	20,490,102	22,998,668
1845	Royal Insurance Company, Ltd.† . . . . .	28,995,492	17,025,596	500,000	11,969,896	12,934,131
1924	The Seaboard Insurance Company . . . . .	2,134,044	777,188	600,000	1,356,856	1,458,891
1896	Star Insurance Company of America . . . . .	8,398,559	4,700,354	1,000,000	3,698,206	3,999,229
1860	Thames & Mersey Marine Insurance Co., Ltd.† .	3,857,992	1,880,472	500,000	1,977,520	2,092,412

† United States Branch. The amount shown under "Capital" is the statutory deposit required to transact business in the U. S. A.

Admitted Assets of All Companies include securities deposited as required by law.

## ROYAL-LIVERPOOL GROUP

ONE HUNDRED FIFTY WILLIAM STREET, NEW YORK 8, N. Y.

## California Decision Is Given in Full

(CONTINUED ON PAGE 2)

rected. In view of these facts the regulation "neither discriminates against nor substantially obstructs the commerce." California v. Thompson, *supra*, at 114.

Furthermore, here as in the cited cases, "unless some measure of local control is permissible," the activities and their attendant evils "must go largely unregulated," unless or until Congress undertakes that function. California v. Thompson, *supra*, at 115. And in view of the well-known conditions of competition in this field, such a result not only would free out-of-state insurance companies and their representatives of the regulation's effect, thus giving them advantage over local competitors, but by so doing would tend to break down the system of regulation in its purely local operation.

### Surplus Line Procedure

Section 703(a) is interwoven with different conditions and therefore has somewhat different effects than does § 1642. Unlike the latter, which applies to acting as agent for all insurers, it forbids acting as agent for nonadmitted insurers alone, unless the person so acting is a "surplus line broker." To become a surplus line broker one must procure a special license pursuant to the requirements of § 1765. This license also is issued upon application, if the commissioner of insurance finds that the applicant is "trustworthy and competent to transact an insurance brokerage business in such a manner as to safeguard the interest of the insured." The applicant also must file with the commissioner a faithful performance bond in

the amount of \$5,000 and pay a filing fee of \$50.

So far as concerns these requirements of § 1765 for procuring the surplus line broker's license, if they are considered without reference to any of the other code provisions, the same conclusion is required concerning the validity of § 703(a) as for that of § 1642, by the authorities above cited and discussed. Indeed the filing fee of \$50 is larger than the combined fees required by § 1642, but not more than the fee involved in the Union Brokerage case, *supra*. And the bond provision is substantially identical with that sustained in California v. Thompson, *supra*. In the absence of any showing that it is administered arbitrarily, the requirement that a license shall issue only after a finding of trustworthiness and competence by the commissioner cannot be taken to be other than an appropriate means of safeguarding the public against the obvious evils arising from the lack of those qualifications. California v. Thompson, *supra*. Considered separately from any relationship to other sections of the code, therefore, the prescribed conditions for securing the surplus line broker's license are no more invalid than those which must be fulfilled to secure the general agent's license under § 1642.

This the state contends is all that needs to be considered, since appellant neither possessed nor, so far as appears, had applied for or been denied a surplus line broker's license. Consequently, in its view, the validity of other provisions of the code is not involved, either directly or by necessary relationship to § 703(a).

Appellant insists, however, that § 703(a) taken in conjunction with § 1765, is more than a licensing requirement for regulating the qualifications of agents acting in California in the transaction of the business covered by its terms. It is rather, he maintains, a prohibition of the writing of such insurance there by nonadmitted insurers and their agents. And this, he said, the state cannot do, both because it cannot exclude interstate commerce in California and because it cannot discriminate against out-of-state insurers in such a manner.

These conclusions are based on the view that § 703(a) is related inseparably by its terms and in fact to other code provisions in addition to § 1765, namely, those regulating the admission of foreign insurance corporations to do business in California and the interwoven provisions regulating activities of surplus line brokers. Section 703(a) on its face forbids acting as agent for nonadmitted insurers except in the case of a surplus line broker. And the combined effects of the provisions relating to such brokers and of those governing the admission of foreign corporations are said to be to "absolutely prohibit" the writing of or aiding in procuring the type of insurance issued here or indeed of any insurance issued by the

discrimination argument becomes identical with the contention that the state cannot exclude foreign companies, such as the First National Benefit Society, or their agents, from carrying on their business in California for failure to meet her reserve requirements.

### Crucial Contention

This is the crucial contention. It too is without merit. The evils flowing from irresponsible insurers and insurance certainly are not less than those arising from the activities of irresponsible, incompetent or dishonest insurance agents. The two things are concomitant, being merely different facades of the same sepulchre for the investments and security of the public. Cf. Study of Life Reserve Life Insurance Companies, T. E. C. Monograph No. 28, Section XI. It would be idle to require licensing of insurance agents, in order to secure honesty and competence, yet to place no restraint upon the kind of insurance to be sold or the kinds of companies allowed to sell it, and then to cover their representatives with their immunity. This could only result in placing domestic and complying foreign insurers at great disadvantage and eventually in nullifying all controls unless or until Congress should take over the regulation.

No such consequence has followed from the South-Eastern decision. It did not wipe out the experience of the states in the regulation of the business of insurance or its effects for the continued validity of that regulation. Much of this was concerned with the activities of so-called foreign insurance companies and, in particular, with requirements designed to secure minimum guarantees of solvency and ability to pay claims as they mature. Essentially the protection sought was against fly-by-night operators and the grosser forms of profiteering and financial mismanagement all so common in unregulated insurance activity. See generally Patterson, The Insurance Commissioner, in the United States (1927).

### Not Transportation

It is true that California imposes her reserve standards, for both domestic and foreign insurers, by requiring them to secure a certificate of authority to do business issued upon compliance with those conditions, in other words, by a form of licensing. But we are far beyond the time when, if ever the word "license" per se was a condemnation of state regulation of interstate business done within the state's borders. The commerce involved here is not transportation. Nor is it of a sort which touches the state and its people so lightly that local regulation is inappropriate or interferes unreasonably with the commerce of other states. Not the mere fact or form of licensing, but what the license stands for by way of regulation is important. So also, it is not simply the fact of prohibition, but what is forbidden and for the protection of what interest, that is determinative. For the commerce clause is not a guarantee of the right to import into a state whatever one may please, absent a prohibition by Congress, regardless of the effects of the importation upon the local community. That is true whether what is brought in consists of diseased cattle or fraudulent or unsound insurance.

Here California's reserve requirements for securing authority to do business cannot be held, either on the face of the statute or by any showing that has been made, to be excessive for the protection of the local interest affected; or designed or effective either to discriminate against foreign or interstate insurers or to forbid or exclude their activities, by all who are able and willing to maintain reasonable minimum reserve standards for the protection of policyholders. Exclusion there is, but it is exclusion of what the state has the power to keep out, until Congress speaks otherwise. Every consideration which supports the licensing of agents and brokers, and the authorities we have cited giving effect to those

(CONTINUED ON PAGE 12)



American Equitable Assurance Company of New York  
Organized 1918

Globe & Republic Insurance Company of America  
Established 1862

Merchants and Manufacturers Insurance Company of New York  
Organized 1849

New York Fire Insurance Company  
Incorporated 1832



Corroon & Reynolds, Inc.  
MANAGER

92 William Street, New York

Losses paid exceed Three Hundred Million Dollars

The discrimination argument is without substance in so far as it maintains that the statutes permit domestic companies to operate without meeting these requirements, but forbid out-of-state insurers to do likewise. For, as has been noted, the conditions apply alike to domestic and foreign corporations, excepting only those organized or admitted to do business in California before Jan. 1, 1940. As to them different standards are applicable, but they too apply equally and alike to domestic and foreign insurers.

That the state has seen fit to draw a line as of that date between new companies seeking to enter the field and established companies, differentiating the two classes by different standards in the minimum reserve requirements, in order to permit the latter to continue in business and build up reserves, does not involve any discrimination as between domestic and foreign or interstate and intrastate insurers. For each may be authorized to enter, and each to continue on identical terms. Such a distinction does not become discriminatory, in any sense now pertinent, merely because the preexisting companies are allowed to continue their business under somewhat less burdensome reserve requirements than those under which new companies are permitted to enter. See G. report of joint insurance investigation committee (N. Y.) p. 365 (1906). Otherwise the state, having authorized either domestic or foreign companies to engage in the business, would be greatly restricted, perhaps foreclosed, in raising the reserve requirements as experience and the public interest might make necessary.

Apart from this classification, which is clearly within the state's power, the

## OFFICE MANAGER

This man has a college education and 15 years Office Management experience and personnel work. Pleasant personality and good references.

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Inventorying your present policyholders is made easy by a flexible, quick-at-hand control—the inventory card. Banks, eager for sound loan business, co-operate by supplying the credit and signing in the final transactions. And your customers, with a new car on the way, are granted an easy-payment loan for automobile and full insurance protection within a matter of minutes!

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Write for sample inventory card and direct mail solicitation material to: The American Insurance Group, Dept. 90, Newark 1, New Jersey.



The American Insurance Company • Bankers Indemnity Insurance Company • The Columbia Fire Insurance Company • Dixie Fire Insurance Company • The Jersey Fire Underwriters

## Words of Supreme Court in California Case Given

(CONTINUED FROM PAGE 10)

considerations, sustain the state's requirements in this respect, as do also the decisions which have sustained various measures of exclusion in protection of the public health, safety and security not only from physical harm but from various forms of fraud and imposition.

### Making State Helpless

It is quite obvious, to repeat only one of those considerations, that if appellant's contentions were accepted and foreign insurers were to be held free to disregard California's reserve requirements and then to exclude their agents or others acting for them with their immunity, not only would the state be made helpless to protect her people against the grossest forms of unregulated or loosely regulated foreign insurance, but the result would be inevitably to break down also the system for control of purely local insurance business. In short, the result would be ultimately to force all of the states to accept the lowest standard for conducting the business permitted by one of them or, perhaps, by foreign countries. Inevitably this would mean that Congress would be forced to intervene and displace the states in regulating the business of insurance. Neither the commerce clause nor the South-Eastern decision dictates such a result.

We do not intimate that this particular society's insurance is unsound or fraudulent. As to that no showing has been made. We only say that California has imposed its reserve requirements as allowable standards for securing minimum assurance to the state's policyholders in respect to performance of their policies by the insurer, not as a mere exclusionary measure in exercise of the power to bar foreign corporations altogether; and that in the absence of compliance the state can exclude the company and its representatives as it did, until Congress makes contrary command. Their remedy is not to destroy the regulatory reserve conditions, but to comply with them.

It follows also that appellant's objections founded on the provisions relating to the placing of surplus line insurance with nonadmitted insurers are without merit. Apart from the phase relating to the requirements for obtaining the surplus line broker's license, the objection is two-fold. One is that, even if licensed, appellant would be forbidden to place the insurance with a nonadmit-

ted insurer, unless there were no admitted one with which the risk could be written. The other, that in any event the risk could not be placed with the nonadmitted insurer for a less premium than would be accepted by any admitted insurer. The short answer would seem to be that by the reserve requirements for admission and related prohibitions the state forbids entirely the placing of insurance of the sort issued here whether with domestic, admitted or nonadmitted companies.

It remains to say a word concerning the effect of the McCarran act for this case and the contentions founded on the Fourteenth Amendment.

As for the latter, with respect to due process, the only objection advanced which is independent of commerce clause considerations is that to sustain the state's requirements, particularly insofar as they exclude the Society from interstate operations in California and thus also appellant's activities in aid of its business, will be in effect to project California's laws into other states, here presumably Arizona, and regulate the Society's activities there. The contention is obviously without merit. Nothing which California requires touches or affects anything the Society or appellant may do or wish to do in Arizona or elsewhere than in California. *Hepperton Co. v. Cullen*, *supra*.

Likewise the equal protection contention is wholly without substance.

Our determination has been made without specific reliance upon the McCarran act for two reasons. One is that this was not necessary. The other arises from the fact that this is a criminal proceeding; the appellant's acts held to violate the California statutes were committed in August following rendition of the South-Eastern decision in June of 1944, and the McCarran act was not approved until March 9, 1945. The effect of that statute we have considered in the Prudential case, decided today. But that case involved no criminal or penal phase and therefore no conceivable ex post facto effect. It is doubtful that more than the semblance of such an effect would be involved by reliance upon the act in this case. For it hardly could be maintained that the South-Eastern decision had the effect to convert Congress' preexisting silence concerning a matter which prior to the decision had been held not to be commerce into an expression by Congress of disapproval of these provisions of the California code during the short period intervening between the decision and the date on which appellant acted. The indicated inference, if any, would be to the contrary, wholly without regard to the McCarran act.

Carrian act. Its effect might reasonably be taken as merely declaring or confirming expressly the inference which would be indicated from Congress' silence entirely without reference to the act's provisions. But the declaration was made, as we have said, after appellant's acts were done. And to avoid any semblance of retroactive effect in a criminal matter, we have refrained from explicit reliance upon the act in this case. It does not detract from our decision on other grounds that the McCarran act, if applied, would dictate the same result.

The judgment is affirmed.

### DISSENT BY DOUGLAS

Mr. Justice Douglas dissenting in part. I agree with the Court that the general license requirements which California provides for the insurance agents were constitutional under the decisions of the Court, even prior to the McCarran act. But prior to that act California could not under our decisions under the commerce clause exclude an interstate business, at least in absence of a showing that it was a fraudulent enterprise or in an unsound condition. No such showing is made here. The McCarran act changes that rule; but it should not be allowed to make unlawful what was lawful when done.

## Honor Sweazea on 25th Anniversary

A surprise dinner was held Tuesday evening for William F. Sweazea, manager Chicago department of North British & Mercantile. It was sponsored by Chicago office employees.

Mr. Sweazea received many flowers from office employees, agencies and friends that morning and during the day friends and associates called at the office to extend their congratulations.

F. B. Ingledeew, assistant Chicago manager, was toastmaster at the dinner. Mr. Sweazea received several gifts and a membership insignia of the Norbit Guards from Robert E. Hauck, assistant U. S. manager. He, as all 25 year employees are, became eligible for this company organization on his anniversary.

The dinner was held at the La Salle hotel just a few hours before the fire there.

## Fire Assn. Changes in Mo., Wis., Mich.

Four field changes have been made by Fire Association.

George McKnight, formerly state agent in Minnesota, has returned from service in the army and becomes state agent in eastern Missouri for that company with headquarters at St. Louis. State Agent W. O. Woodsall will continue in that capacity in the western half of Missouri, with headquarters at Kansas City. Mr. McKnight was in the army for four years.

A. J. Fulton, special agent in Missouri, has been transferred to Wisconsin to assist State Agent A. G. Meredith of Oshkosh. Mr. Fulton has been with Fire Association for 19 years, starting in Chicago in the accounting and automobile departments.

Frank A. Savage, Jr., a veteran of the Pacific where he was with the marines, has returned and been appointed special agent in Michigan, aiding State Agent E. R. Chafty. Mr. Savage will have headquarters in Detroit. He is a graduate of the University of Pennsylvania business school and more recently graduated from the Fire Association refresher course at the home office.

J. R. Kline, who has just returned from the navy and completed the home office course, has been transferred to the western department at Chicago to assist R. E. Dixon, superintendent of the automobile department.

### K. J. Brown Joins A.I.U.

Kenneth J. Brown has joined American International Underwriters as a fire underwriting executive in New York. Formerly with Yorkshire in London, Tokyo and New York, Mr. Brown served with the Royal Navy, joining A.I.U. upon his discharge.

# Reinsurance

FIRE AND ALLIED LINES  
INTER-OCEAN REINSURANCE COMPANY  
CEDAR RAPIDS, IOWA

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NEW YORK CITY

114 Sansome St.  
SAN FRANCISCO

## Text of Premium Tax Decision

(CONTINUED FROM PAGE 3)

the area covered by the declaration, or, in other words, that it is mere brumalism. For to do this not only would produce intolerable consequences for restricting Congress' power. It would ignore the very basis on which the second Wheeling Bridge case and indeed the Clark Distilling case have set the pattern of the law for governing situations like that now presented. Accordingly we turn to the issues which are more alive and significant for the future.

III.

In considering the issues raised by the McCarran act and the question of its applicability, ground may be cleared by putting aside some matters strenuously argued in the state supreme court and here. First, it follows from what has been said that we are not required to determine whether South Carolina's tax would be valid in the dormancy of Congress' power. For Congress has expressly stated its intent and policy in the act. And, for reasons to be stated, we think that the declaration's effect is clearly to sustain the taxation and that this can be done without violating any constitutional provision.

### Controlling Issues

By the same token, we need not consider whether the tax, if operative in Congress' unilluminated silence, would be discriminatory in the sense of an taxation forbidden by the commerce clause, as Prudential categorically asserts, or not so, as South Carolina maintains with equal certitude. Much attention has been given both here and in the state court to these questions. But in the view we take of the case the controlling issues undercut them. Nor do we determine, as Prudential's argument seems to subsume, whether all of its business done in South Carolina and affected by the tax should be regarded as constituting interstate commerce so as to fall within the "in commerce" classification, or, on the other hand, some of it may properly be considered as being only local or intrastate business. These questions we put to one side. And for present purposes we assume that the tax would be discriminatory in the sense of Prudential's contention and that all of its business done in South Carolina and affected by the tax is done "in" or as a part of interstate commerce.

It is not necessary to spend much time with interpreting the McCarran act. Pertinently it is as follows:

Sec. 1. The Congress hereby declares that the continued regulation and taxation by the several states of the business of insurance is in the public interest, and that silence on the part of the Congress shall not be construed to impose any barrier to the regulation or taxation of such business by the several states.

Sec. 2. (a) The business of insurance, and every person engaged therein, shall be subject to the laws of the several states which relate to the regulation or taxation of such business.

(b) No act of Congress shall be construed to invalidate, impair, or supersede any law enacted by any state for the purpose of regulating the business of insurance, or which imposes a fee or tax upon such business, unless such act specifically relates to the business of insurance. " 59 Stat. 34; 15 U. S. C. §§ 1011-1015.

### Congress' Purpose

Obviously Congress' purpose was broadly to give support to the existing and future state systems for regulating and taxing the business of insurance. This was done in two ways. One was by removing obstructions which might be thought to flow from its own power, whether dormant or exercised, except as otherwise expressly provided in the act itself or in future legislation. The other was by declaring expressly and affirmatively that continued state regulation and taxation of this business is in the public interest and that the business and all who engage in it "shall be subject to the laws of the several states in these respects."

Moreover, in taking this action Congress must have had full knowledge of the nation-wide existence of state systems of regulation and taxation; of the fact that they differ greatly in the scope and character of the regulations imposed and of the taxes exacted; and of the further fact that many, if not all, include features which, to some extent, have not been applied generally to other interstate business. Congress could not have been unacquainted with these facts and its purpose was evidently to throw the whole weight of its power behind the state systems, notwithstanding these variations.

### Explicit Reservations

It would serve no useful purpose now to inquire whether or how far this effort was necessary, in view of the explicit reservations made in the majority opinion in the South-Eastern case. Nor is it necessary to conclude that Congress, by enacting the McCarran act, sought to validate every existing state regulation or tax. For in all that mass of legislation must have lain some provisions which may have been subject to serious

question on the score of other constitutional limitations in addition to commerce clause objections arising in the dormancy of Congress' power. And we agree with Prudential that there can be no inference that Congress intended to circumvent constitutional limitations upon its own power.

But, though Congress had no purpose to validate unconstitutional provisions of state laws, except in so far as the Constitution itself gives Congress the power to do this by removing obstacles to state action arising from its own action or by consenting to such laws, H. Rep. No. 143, 79th Cong., 1st Sess., p. 3, it clearly put the full weight of its power behind existing and future state legislation to sustain it from any attack under the commerce clause to whatever extent this may be done with the force

of that power behind it, subject only to the exceptions expressly provided for.

### Included Discriminatory Tax

Two conclusions, corollary in character and important for this case, must be drawn from Congress' action and the circumstances in which it was taken. One is that Congress intended to declare and in effect declared, that uniformity of regulation and of state taxation, are not required in reference to the business of insurance, by the national public interest, except in the specific respects otherwise expressly provided for. This necessarily was a determination by Congress that state taxes, which in its silence might be held invalid as discriminatory, do not place an interstate insurance business a burden which it is unable generally to bear or should not

bear in the competition with local business. Such taxes were not uncommon among the states, and the statute clearly included South Carolina's tax now in issue.

That judgment was one of policy and reflected long and clear experience. For, notwithstanding the long incidence of the tax and its payment by Prudential without question prior to the South-Eastern decision, the record of Prudential's continuous success in South Carolina over decades refutes any idea that payment of the tax handicapped it in any way tending to exclude it from competition with local business or with domestic insurance companies. Indeed Prudential makes no contrary contention on any factual basis, nor could it well do so. For the South-Eastern de-

(CONTINUED FROM PAGE 16)



**You Know The Opportunity Is Big** . . . that almost all businesses, no matter how small, need Business Interruption Insurance! Factories and stores all around you are deeply worried about the perils of a sudden stoppage of earnings. Merchants know that profits come from turnover . . . on continuance of business. Manufacturers are concerned about interruptions in the flow of their products into increasingly competitive markets.

**"It's A Neat Way to Get New Clients"**, say alert insurance men who present U. & O. protection as the answer to the worry of business heads. Because it has not been generally solicited, the facts about Business Interruption policies are often welcome news to prospects.

**New, Simple Forms** are easy to present. No insurance producer need puzzle over the simpler improved forms. The newly revised work-sheet of Fire Association Group, which is yours for the asking, will help you to arrive at the insurance requirements of your prospect, and enable your client to grasp the ABC's of the coverage. You owe it to him and yourself to present this important protection.

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### ANOTHER IDEA

Lift a thought from this June message . . . use it in a sales letter or blotter to your mailing list.

## INSURANCE CALENDAR



By June 3, 1805, after 4 yrs. of powder-and-cuttlass fighting, the U. S. had whipped the Barbary Pirates and ended their marauding. But at home there remained an even more stubborn predatory enemy—FIRE. Since 1817 Fire Asso-

ciation of Philadelphia, and companies of the Fire Association Group have successfully fought ravages of fire. Since 1866, they have helped to sponsor National Board of Fire Underwriters . . . the No. 1 reason why America is so safe today.

1946—JUNE hath 30 days

"The sun is always shining somewhere"

### ASTRONOMICAL CALCULATIONS

EASTERN STANDARD TIME

JUNE	Latitude +30°		Latitude +35°	
	SUNRISE	SUNSET	SUNRISE	SUNSET
1	5:00	6:56	4:48	7:07
6	4:58	6:58	4:46	7:10
11	4:58	7:00	4:45	7:13
16	4:58	7:02	4:45	7:15
21	4:59	7:04	4:46	7:17
26	5:00	7:05	4:47	7:18

JUNE	Latitude +40°		Latitude +45°	
	SUNRISE	SUNSET	SUNRISE	SUNSET
1	4:34	7:22	4:17	7:39
6	4:32	7:26	4:15	7:45
11	4:31	7:28	4:13	7:46
16	4:30	7:30	4:12	7:48
21	4:31	7:32	4:13	7:50
26	4:32	7:33	4:14	7:51

JUNE	Latitude +50°		Latitude +55°	
	MOON-RISE	MOON-SET	MOON-RISE	MOON-SET
1	6:37	9:15	6:07	9:45
3	8:47	11:05	8:19	11:30
5	10:54	12:50	10:37	12:08
7	12:50	12:58	12:45	1:07
9	2:59	1:59	2:45	1:56
11	4:26	2:58	4:43	2:45
13	6:16	4:07	6:40	3:43
15	8:04	5:31	8:33	5:01
17	9:40	7:14	10:07	6:44
19	11:01	9:08	11:19	10:51
21	11:08	—	11:26	—
23	12:43	10:45	1:13	10:45
25	1:55	3:22	1:43	3:38
27	3:23	5:43	2:59	6:10
29	5:19	7:57	4:47	8:26

To obtain local times of sunrise and sunset for longitudes other than the standard time meridians (i.e., 75°, 80°, 105°, and 120°, for Eastern, Central, Mountain, and Pacific Standard Time), decrease the time four minutes for each degree east of the standard meridian; increase the time four minutes for each degree west of the standard meridian.

1—Sa. — 1792, Kentucky admitted to the Union  
2—Su. — It's never "How big was the fire?" but always "Settle it promptly! Settle it fairly!" to the Fire Association Group

3—M. — 1805, Treaty of peace between U.S. and Tripoli  
4—Tu. — 1942, Midway Island attacked by Japs  
5—W. — 1865, First safe deposit vault opened, N.Y.C.  
6—Th. — 1944, D-DAY

7—Fr. — 1887, 1st patent for monotype machine issued  
8—Sa. — 1786, 1st ice cream advertised, in N.Y.C.  
9—Su. — 1940, Norway surrendered to Germans

10—M. — 1862, First tornado recorded; New Haven, Conn.

11—Tu. — Only 2<sup>nd</sup> of each premium dollar paid to stock fire insurance companies goes for profits!

12—W. — 1944, Germans began robot bomb attacks

13—Th. — 1933, Congress passed NIRA  
14—Fr. — Full Moon, 1:42 P.M., E.S.T.

15—Sa. — 1944, B-29's began bombings on Japan

16—Su. — FATHER'S DAY ("Everie dogie hath etc., etc.")

17—M. — 1944, Republic was proclaimed in Iceland  
18—Tu. — 1866, Nat'l Board of Fire Underwriters Organized. Sponsored by leading capital stock fireins. co., dedicated to reduction of hazards

19—W. — 1819, Maine separated from Massachusetts

20—Th. — 1867, Russia ceded Alaska for \$7,200,000

21—Fr. — Summer Solstice, 1st day of summer

22—Sa. — Last Quarter, 8:12 A.M., E.S.T.

23—Su. — 1869, First practical typewriter

24—M. — One fire could wipe out your new peacetime business. See your insurance Agent or Broker!

25—Tu. — 1914, Salem, Mass. fire—\$14,000,000 loss

26—W. — 1721, 1st vaccination for small-pox

27—Th. — 1944, Fall of Cherbourg

28—Fr. — New Moon, 11:06 P.M., E.S.T.

29—Sa. — 1776, Patrick Henry made governor of Va.

30—Su. — 1944, U.S. severed relations with Finland

**OBSERVATION for June:** In peacetime conversion, many times machines are changed and buildings altered, without due check on insurance coverage. You may stand to lose . . .

**MORAL for June:** See your property insurance Agent or Broker at once!

PROPERTY INSURANCE  
Fire-Auto-Marine-Aviation

## FIRE ASSOCIATION GROUP

Fire Association of Philadelphia  
The Reliance Insurance Company  
PHILADELPHIA

Lumbermen's Insurance Company  
Philadelphia National Insurance Company  
PENNSYLVANIA  
SYMBOL OF SECURITY SINCE 1811

## Millers National Holds Roundup Next Week

Field men of Millers National are to gather at the head office city of Chicago, the week of June 10 for a conference with head office executives. There will be business sessions at the Continental hotel, June 11-12, with group luncheons both days and a dinner June 12. Among the speakers will be Attorney Paul Heineke on the new standard fire policy; K. C. White, Underwriters Adjusting, and James C. O'Connor, editor of Fire, Casualty & Surety Bulletins and associate editor of THE NATIONAL

UNDERWRITER. President W. S. Whitford will preside and Vice-president Ralph Danforth will act as master of ceremonies.

### Cuts Off N. Y. Brokerage

Michigan Millers Mutual is now accepting business in the New York City vicinity only through agents. It has ceased accepting business here from brokers.

At the installation dinner of the Kansas City Association of Insurance Women, Gordon Kellner, Kansas City manager of Aetna Casualty was the speaker. Mrs. Dorothy Garret is pres-

ident; Miss Mary Quinlan, vice-president; Miss Agnes Hare and Miss Martha Sinclair, secretaries.

## COMPANIES

### Pass on Doubling F. & G. Fire Capital

President Harry F. Ogden of Fidelity & Guaranty Fire announces that the board has called a meeting of stockholders on July 26 to act upon a proposed amendment to the corporation's charter which will increase the total stock to \$2,000,000, divided into 200,000 shares of common stock with a par value of \$10. Stockholders of record June 30, 1946, will receive notice and be entitled to vote. Effect of this action will be to double the capital.

If stockholders favor the amendment, the capital stock of the corporation will be increased by 100,000 shares. Warrants to subscribe to such additional shares at the price of \$40 per share shall be offered to the stockholders of record at the time amendment is made.

United States Fidelity & Guaranty will subscribe to the stock to which it is entitled and purchase at \$40 per share any of the new stock which may not be subscribed for by other stockholders.

President Ogden stated that because of the unusual increase in the fire company's premium volume and continued underwriting losses due chiefly to automobile collision insurance, the usual dividend was not declared.



H. F. Ogden

profit which reflected the increased number and severity of automobile accidents. Mr. England expressed doubts as to whether adjustments in rates made in the United States late in 1945 would prove adequate to meet the increasing cost of claims. "Our thanks," said Mr. England, "are due to Kenneth Spencer, our executive director, and his able assistants whose efforts in an adverse year are doubtless even greater than in a prosperous one."

Marine net premiums reached £920,837, compared with £1,142,001 for 1944, in connection with which latter year Mr. England said, "Marine operations for 1944, after a transfer to suspense account of £228,000 or just under 20% of the net premiums to provide for future claims, resulted in a profit of £307,986, £70,000 higher than the 1943 result. Our American organization made a handsome contribution to those profitable results, and our thanks are due to Mr. Zeller and his able assistants."

The point was made in Mr. England's report that although hostilities ceased before the end of the year, 1945 business was conducted, in the main, under war conditions, with overseas operations interrupted by war in 35 territories.

The St. Paul F. & M. Chicago and Illinois department has moved its office to A-1919 Insurance Exchange.

## FIELD

### Carolinians Pond Has Silver Rally

The Carolinians Blue Goose held its 25th anniversary meeting at Myrtle Beach, S. C., with Most Loyal Gander J. W. Bailey of Raleigh presiding. Twenty-five year pins were given to Max Hunter, Hartford Fire, Charlotte; P. W. D. Jones, Aetna Fire, Charlotte; R. S. Busbee, Atlantic Fire; Fabius H. Briggs, North Carolina Home; F. C. Newcomer, Cotton Insurance Association, all of Raleigh, and Ray L. Spaulding, retired of Fort Myers Beach, Fla.

The first award of the Wellborn Colquitt trophy, to be given each year to the member who has been of most value to Blue Goose, went to Fred W. A. Campbell, of the Hugh F. Dick General Agency, Charlotte.

A life membership was voted to James R. Parker, retired, of Columbia. Mr. Parker was the former manager of the South Carolina rating bureau.

Seven goslings took their first swim. H. Grady Turner of Columbia is the new most loyal gander; H. H. Phelps, Charlotte, supervisor; W. C. Little, Greensboro, custodian; N. A. Nelson, Rocky Mount, guardian; Jules J. Anderson, Columbia, keeper, and R. H. Lewis, Greensboro, wielder.

Mr. Bailey and Mr. Turner were elected as delegates to the grand nest meeting.

The grand nest was represented at the meeting by George E. Edmondson of Tampa, grand supervisor. A cocktail party and banquet ended the meeting.

### Fire Prevention 4-H Activity

N. K. Nelson and V. E. Herbert, retiring president and secretary, respectively, of the Kansas Fire Prevention Association, presented a fire prevention

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# LEADERSHIP or Mediocrity

**I**N American business today, any company could set up basic equipment and facilities capable of making quality products. Note that we say "capable of" for results do not always measure up to the possibilities.

The margin of difference between the leading companies which get the utmost efficiency and quality from their facilities, and the general run of businesses which are content with commonplace results, lies in an Understanding Management.

So it is in Insurance. Modern facilities and methods for underwriting are basic necessities of the insurance business, but—the real "know how" gained from years of experience with the day by day problems of Agents and Brokers in the selling of insurance, and the willingness of an understanding management to help meet the problems of their producers, with liberality and cooperation, are what really count.

The long associations with leading Agents and Brokers, enjoyed by the seven Fire and two Casualty companies of the Commercial Union—Ocean Group is the best evidence which could be desired, that our companies are "Leaders" in the ranks of agency insurance companies.

Our financial strength is unquestioned—our facilities complete and up-to-date in every respect and—"no organization can rightfully claim possession of a fairer business policy."

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Columbia Casualty Co. • The British General Insurance Co. Ltd.

The California Insurance Co. • The Palatine Insurance Co. Ltd.

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SALT LAKE CITY, UTAH

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A. B. Knowles & Company, Inc. ....	114 Sansome St., San Francisco, California
Cobb & Stebbins .....	175 Jackson Blvd., Chicago, Illinois
Hoover J. Grant & Company .....	Gas & Electric Bldg., Denver, Colorado
Lamping & Company .....	20% South Main, Salt Lake City, Utah
Lamping & Company .....	Colman Bldg., Seattle, Washington
Lamping & Company .....	Spalding Bldg., Portland, Oregon
Southwestern General Agency .....	Title & Trust Bldg., Phoenix, Arizona

### United States Experience

In the United States, fire premiums continued to increase in line with higher values. Losses were also higher, but expenses lower. Net underwriting resulted in a small loss. Mr. England's report on United States included a tribute to Harold Warner, general attorney, and H. C. Conick, U. S. manager and their assistants for capable work during a difficult transitional period.

Casualty net premiums reached £5,846,805, the highest level since 1929, as against £5,390,257 for 1944 but with a reduction in the amount of underwriting

### FACTUAL APPRAISALS

Imperial Valuations  
of Industrial and Com-  
mercial Property. Thirty-  
years of factual appraisals  
service to America's more  
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APPRAISAL ENGINEERS  
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CHICAGO 40

program to the Farm Bureau Home-makers at Silver Lake, with 127 in attendance. 4-H Club members voted to undertake a home inspection campaign, using blanks furnished by the fire prevention association.

### Mauk Is Elected M.L.G. of South Texas Pond

Raymond S. Mauk, former Texas fire insurance commissioner, now secretary of American General of Houston, has been elected most loyal gander of the South Texas Blue Goose. Chilton Bryan, attorney, was elected supervisor; Elmo Corbett, Fireman's Fund, custodian; George Godine, Cravens, Dargan & Co., guardian; Parker S. Presley, North British, keeper and W. H. Baldwin, Fire Companies Adjustment Bureau, wielder.

Mr. Mauk has been secretary of the company since January, 1937. He was a member of the fire division of the Texas commission from early in 1932 until joining American General. Previously he was connected with the Seay & Hall agency of Dallas from 1924 to 1932.

### Heyman to Northern of N. Y. as O. W. Va. Special Agent

Northern of New York has named John H. Heyman special agent for Ohio and West Virginia. Located at Columbus, O., Mr. Heyman will assist State Agent Charles Trefz. He spent five years in service and since his discharge has been at the home office catching up on changes in fire, inland marine and automobile coverage. Before the war, he was with Standard of New York as an underwriter.

### Wetzel, Simonsen Named Special Agents of Home

Home has named J. H. Wetzel special agent in Albany, N. Y. He will serve under direction of J. W. Summers, state agent.

Mr. Wetzel, discharged from service in 1945, has been with National Liberty since 1933, serving as examiner in the eastern department at the time he entered service in 1942.

Age A. Simonsen has been named special agent for Home at Boston under State Agent L. G. Fitzherbert. Returning from service this year after four years, Mr. Simonsen has been with Home since 1931. In 1936 he was named examiner of the eastern department.

### Deininger Named in N. J. by Glens Falls

Glens Falls and Commerce have appointed George A. Deininger special agent in southern New Jersey. Mr. Deininger will headquartered in Philadelphia and operate under supervision of Manager L. G. Doyle.

For 15 years he has been an underwriter and field man in eastern Pennsylvania. In 1942 he joined the army and served overseas as a first lieutenant of field artillery.

### Four Get Life Memberships

Life membership certificates were presented to four members of the San Francisco Blue Goose by Milton E. Finney, Oakland manager of America Fore at the June 3 meeting. They are W. H. Hackett and B. L. Penfield, London Assurance, recently retired; Arnold Hodgkinson; retired secretary Pacific Coast branch of the National Automobile Underwriters Association, and Gideon S. Mariner, long with Aetna

Fire in charge of claims.

### L. & L. Coast Veteran Retires

C. A. Coffey of Spokane, who had represented London & Lancashire in eastern Washington, Idaho and Montana for 26 years, has retired and will move to California.

### Minn. Athletes to Shine

A schedule of events has been completed for the annual gathering of the Minnesota field organizations at Pine Beach hotel on Gull Lake near Brainerd, June 19-20.

The athletes will have a chance to

shine at the outset, as the various contests get under way the morning of June 19 with Robert L. Hanson in general command. Contests range from darts to fishing, clock golf to golf, table tennis, rifle shoot, shuffle board and cribbage. There will be a get-together luncheon that day and during the afternoon there will first be held the meeting of the Minnesota Underwriters Association and then the Minnesota State Fire Prevention Association.

There will be a convention dinner and the next morning and afternoon the contestants will be at it again. The windup will be a Blue Goose banquet with Mr. Hanson presenting the prizes.

Chairman of the committee on gen-

eral arrangements is C. R. Garrett.

### N. J. Specials to Elect

The annual meeting and outing of the New Jersey Special Agents Association will be held June 10 at the Balaclava Country Club, Florham Park, N. J. There will be a golf tournament and dinner but no speakers.

The Elgin, Ill., Insurance Agents Association's annual golf party and dinner will be June 7 at the Elgin Country Club.

Industrial of Flemington, N. J., has entered Virginia to write fire and allied lines.



R. S. MAUK

**HOMETOWN AGENT**

**PULLING TOGETHER TO KEEP FINANCING AT HOME**

THIS advertisement appearing in magazines which bankers read, paves the way for profitable contacts between agents representing companies of Fireman's Fund Group and hometown bankers.

**HOMETOWN BANKER**

### Free NEWSPAPER MATS FOR BANK USE ILLUSTRATED FOLDERS • RADIO COMMERCIALS

Designed to help banks get a bigger share of Consumer Credit, Fireman's Fund, backing up its 11,000 Hometown Agents, whose interests are identical with

local bankers, has created the Hometown Credit-Savings Plan. A brochure containing proofs of the 10 advertisements, a sample folder and full details is available through any Agent of a company of the Fireman's Fund Group or from any Fireman's Fund office.



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WESTERN NATIONAL INDEMNITY COMPANY

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## Text Is Given of Prudential Tax Decision

(CONTINUED FROM PAGE 13)  
cision did not, and could not, wipe out all this experience or its weight for bearing, as a matter of the practical consequences resulting from operation of the tax, upon that question. *Robertson v. United States*, No. 274, decided today.

### Inherently Discriminatory

Consequently Prudential's case for discrimination must rest upon the idea either that the commerce clause forbids the state to exact more from it in taxes than from purely local business; or that

the tax is somehow technically of an inherently discriminatory character or possibly of a type which would exclude or seriously handicap new entrants seeking to establish themselves in South Carolina. As to each of these grounds, moreover, the argument subsumes that Congress' contrary judgment, as a matter of policy relating to the regulation of interstate commerce, cannot be effective, either "of its own force" alone or as operative in conjunction with and to sustain the state's policy.

In view of all these considerations, we would be going very far to rule that South Carolina no longer may collect her tax. To do so would flout the expressly declared policies of both Congress and the state. Moreover it would establish

a ruling never heretofore made and in doing this would depart from the whole trend of decision in a great variety of situations most analogous to the one now presented. For, as we have already emphasized, the authorities most closely in point upon the problem are not, as appellant insists, those relating to discriminatory state taxes laid in the dormancy of Congress' power. They are rather the decisions which, in every instance thus far not later overturned, have sustained coordinated action taken by Congress and the states in the regulation of commerce.

### Plenary Scope

The power of Congress over commerce exercised entirely without reference to coordinated action taken by the states is not restricted, except as the Constitution expressly provides, by any limitation which forbids it to discriminate against interstate commerce and in favor of local trade. Its plenary scope enables Congress not only to promote but also to prohibit interstate commerce, as it has done frequently and for a great variety of reasons. That power does not run down a one-way street or one of narrowly fixed dimensions. Congress may keep the way open, confine it broadly or closely, or close it entirely, subject only to the restrictions placed upon its authority by other constitutional provisions and the requirement that it shall not invade the domains of action reserved exclusively for the states.

This broad authority Congress may exercise alone, subject to those limitations, or in conjunction with coordinated action by the states, in which case limitations imposed for the preservation of their powers become inoperative and only those designed to forbid action altogether by any power or combination of powers in our governmental system remain effective. Here both Congress and South Carolina have acted, and in complete coordination, to sustain the tax. It is therefore reinforced by the exercise of all the power of government residing in our scheme. Clear and gross must be the evil which would nullify such an exertion, one which could arise only by exceeding beyond cavil some explicit and compelling limitation imposed by a constitutional provision or provisions designed and intended to outlaw the action taken entirely from our constitutional framework.

### No Commerce Clause Violation

In this light the argument that the degree of discrimination which South Carolina's tax has involved, if any, puts it beyond the power of government to continue must fall of its own weight. No conceivable violation of the commerce clause, in letter or spirit, is presented. Nor is contravention of any other limitation.

A word should be added in the later respect. Prudential has not urged grounds founded upon other constitutional provisions than the commerce clause, except in relation to the McCarran act and then only in the event it should be construed as having effect to validate continued taxation of the tax. As has been said, it regards the statute as neither intended nor effective to "validate, authorize, or sanction statutes which discriminate against interstate commerce." But, against the event that the act should be taken as intended to have such an effect, it puts forward the somewhat novel contentions that the statute would be in violation of the due process clause of the Fifth Amendment; of the first clause of Article I, § 8 requiring that "all duties, imposts and excises shall be uniform throughout the United States"; of Article I, § 1, "which requires legislation to be enacted by Congress"; and, apparently of the Tenth Amendment, "as a violation of the states' power to tax for purposes of raising revenue for their own use, which power is vested exclusively in the states."

### Due Process Contentions

These arguments may be summarily disposed of. As for the due process contention, it was settled by a long line of authorities prior to the South-Eastern decision, that the similar provision of the Fourteenth Amendment, as well as that requiring equal protection of the laws, does not forbid the states to lay and collect such a tax as South Carolina's. Certainly the Fifth Amendment does not more narrowly confine the power of Congress; nor do it and the Fourteenth taken together accomplish such a restriction upon the coordinated exercise of power by the Congress and the states.

The argument grounded upon the first clause of Article I, § 8, requiring that exercises shall be uniform throughout the United States, identifies the state taxation with the laying of an excise by Congress, to which alone the limitation applies. This is done on the theory that no more has occurred than that Congress has "adopted" the tax as its own, a conception which obviously ignores the state's exertion of its own power and, furthermore, seeks to restrict the coordinated exercise of federal and state authority by a limitation applicable only to the federal taxing power when it is exerted without reference to any state action. The same observation applies also to the contention based on Article I, § 1.

The final contention that to sustain the act, and thus the tax, would be an

## Hits Fluctuation Reserve Plan

J. A. Grogan, secretary of the Corroon & Reynolds group, has prepared for President R. A. Corroon a memorandum on the effect of the New York department's contemplated stock fluctuation mandatory reserve, in which he attacks the plan on several points. The reserve, to be carried as a liability, would be based on the Dow-Jones averages and would be, under present conditions, equivalent to 16 2/3% of common and preferred stocks held.

He mentions that the ratio of the reserve to stocks held will be constant for all companies but the effect on surpluses will vary greatly according to the relative size of each company's stock portfolio. Also, it might be that the necessity for a special reserve would cause companies to swing from preferred stocks to bonds and suffer a loss in income without improving the portfolio's quality. He gives various examples of deterioration in values that would occur through application of the formula in a declining market.

## W. L. Gardner, Kan. Veteran, Retires

Wilbur L. Gardner, whose connection with National Fire dates from 1896 and who lately has been supervisor of the Kansas service office, has retired under National's pension plan.

For 53 years National's Kansas operations have been in charge of the Gardner family—Wilbur and his father, Theodore.

Theodore Gardner became state agent in 1888 and continued until his retirement in 1919. Wilbur Gardner joined National in 1896 and in 1908 went to Osage of Topeka as secretary. Osage was reinsured by National in 1911 and Wilbur joined his father as joint state agent and in 1919 he became sole state agent. Wilbur's total employment with National is 47 years. He and his father were with National a total of 78 years.

The supervision of the Kansas field is in charge of State Agents J. A. MacLean and F. A. Scott and three special agents.

National is tendering a luncheon to Mr. Gardner at Topeka June 10 to be attended by all members of the Kansas office and field staff and Assistant Managers H. R. Hanawalt and C. L. Zook from Chicago.

Invasion of the state's power of taxation is so clearly lacking in merit as to call for no comment other than to point out that, by juxtaposition with the contentions discussed in the preceding paragraph, the effect would be at one stroke to bring the act into collision with limitations operative only upon the federal power and at the same time to nullify state authority.

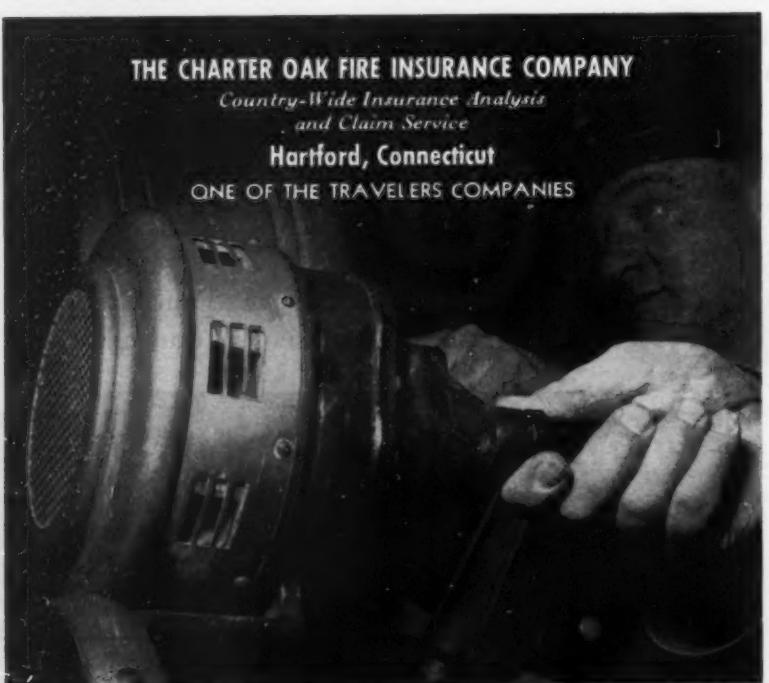
No such anomalous consequence follows from the division of legislative power into the respective spheres of federal and state authority. There are limitations applicable to each of these separately and some of their coordinated exercise. But neither the former nor the latter are to be found merely in the fact that the authority is thus divided. Such a conception would reduce the joint exercise of power by Congress and the states to achieve common ends in the regulation of our society below the effective range of either power separately exerted, without basis in specific constitutional limitation or otherwise than in the division itself. We know of no grounding, in either constitutional experience or spirit, for such a restriction. For great reasons of policy and history not now necessary to restate, these great powers were separated. They were not forbidden to cooperate or by doing so to achieve legislative consequences, particularly in the great fields of regulating commerce and taxation, which, to some extent at least, neither could accomplish in isolated exertion.

We have considered appellant's other contentions, including the suggestion that the McCarran act, construed as we have interpreted it and thus given effect, would involve an unconstitutional delegation by Congress of its power to the states. For reasons already set forth and others, including the fact that no instance of delegation is involved on the facts, we find them without merit.

The judgment accordingly is affirmed.

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# POINTERS FOR LOCAL AGENTS

## Fire Prevention Activities by Local Agents Profitable

Fire prevention work by producers is an activity which will create more customer good will, faith and respect than anything else they could do, C. H. Mahn, state agent of Springfield, said in a talk on fire prevention at the midyear meeting of the Missouri Association of Insurance Agents. There is a wide range of fire prevention activities in which local agents can engage.

There is a vast amount of text material on fire prevention, available in countless pamphlets and many textbooks and reference books, collected, organized and published by the National Board, National Fire Prevention Association, Underwriters Laboratories, individual fire companies, agencies of the government, etc., he said. Having absorbed some of this, the next step is actually to do some fire prevention work. The old fashioned way is to make fire prevention inspections, which are a good thing. The local agent is the primary underwriter. Selection of risks is fundamental to good results. The agent knows better about the domestic and financial affairs of his fellow citizens. An intimate knowledge of domestic and financial and social affairs is a great help in forming an accurate opinion on the desirability of the prospective policyholder, he said.

"It hardly need be stated that a risk must possess the attributes of good ownership and satisfactory physical condition to qualify as acceptable. The statement is not here made, nor the inference implied, that all local agents meet the ideal specifications, but we are confident they compare very favorably with the production specialists of any other large business. It must be admitted that a conscientious, capable local agent can render valuable service to the company in risk selection.

"Who can fashion the pattern more nearly the size than the alert, competent and conscientious local agent? Who is so handy and so helpful as the local agent when policy changes are needed because of changes of occupancy ownership or use of property, or changes in

the occupation or station in life of the client? And who can keep abreast of changing insurance coverages, analyze the changes as they affect the household or the merchant or manufacturer, and who do it better than the local agent who makes insurance his business? And who keeps in intimate touch with his customers? And who can be of greater help when losses occur than the local agent who understands the rights of the policyholder and the company, and has the respect of both?

"I have described the local agent in his role as the underwriter and representative of the company, and as a counselor for the customer. The local agent occupies a third position. He is most generally an active citizen of the community. We are proud of the community service stock company local agents are rendering, especially in times like the present. In addition to encouraging property owners to remove hazards that might cause accidents—loss of manpower, or might cause fires—loss of precious property, the local agent carries his full, sometimes, liberal, share of the responsibility for the success of the many community projects that are so necessary for the prosecution of the war effort.

"Any person who belongs in that classification is certainly capable of doing a real job of fire prevention day in and day out, as a part of the service the customer is entitled to receive.

"It cannot be denied that every customer should be interviewed at the risk on which insurance is being arranged. Only in this manner can accurate underwriting and complete policywriting information be assembled. It is at this point in the insurance transaction that some very effective fire prevention work can be done by the local agent. It is the time and place to point out the common fire hazards which endanger the property, the presence of which may even endanger the lives of the occupants. It is the first opportunity the local agent has to demonstrate the value of his services.

"A careful inspection of the risk, followed by a discussion of safety in general cannot help but favorably impress the customer. It is such a real and worthwhile thing to do.

"Because strangers are not too welcome when their errand is to snoop around in the house, dwellings largely go uninspected by persons trained in such work. Even uniformed firemen are not welcome in the home. The householder if not personally acquainted with the inspector may discount the value of the recommendations. Such is not the case when the local insurance agent makes the inspection. The element of confidence is already present. The offer to go through the house is a casual one and is accepted. Everything is favorable for a friendly discussion of whatever is found, and the customer is in the frame of mind to listen to any suggestions that are made. By the time the inspection is finished the local agent knows all about the risk. The customer is impressed with his thoroughness, and is grateful for the lesson in safety. He will not only probably be a loyal customer, but will likely tell his acquaintances about the man who writes his insurance."

Mr. Mahn asked, in view of the heavy loss experience on trucks, especially long

haul, how many owners are interviewed with the idea of frankly discussing ways and means of preventing losses. It is just as reasonable to inspect a truck and make recommendations for safety as it is to inspect a building, he said. A truck can easily be worth more than a building, and with its cargo, can represent an investment of considerable value. "There is a real bit of fire prevention work waiting to be done in this field by fire insurance people. Certainly the local agent who undertakes it is worthy of his hire."

## Nat'l Union Employes Vote Against Unionization

Home office employees of National Union Fire have rejected the CIO United Office & Professional Workers of America as a bargaining agent and have voted not to be represented by any union. According to Frank K. Kleiler, regional director of the NLRB, 76 votes were cast for UOPWA, 128 for "no union" and there were 17 ballots that were challenged.



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Mr. Mahn asked, in view of the heavy loss experience on trucks, especially long

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## EDITORIAL COMMENT

### Decks Cleared for Action at Portland

The National Association of Insurance Commissioners in convening at Portland will have its decks remarkably well cleared for action. It promises to be a meeting at which final action can be taken without much further ado on a number of important questions that have been in an animated but inconclusive stage for sometime.

President McCormack has called upon his fellow commissioners at Portland to take final action on matters that have been pending rather than to simply bring in progress reports or refer matters to subcommittees for further study, etc. The way things have shaped up it seems very likely that Mr. McCormack's wishes will be fulfilled and that the Portland meeting will be one of final accomplishment.

In the first place, it was announced last week that the all industry committee and the commissioners' committee on rates and rating organizations have at long last come to an agreement on putative uniform legislation in the realm of fire and casualty rate regulation. The way seems to be cleared for final action on this most absorbing and vital question.

Also in the fire insurance area the N.A.I.C. committee and the industry last week came to terms on the matter of a new classification setup for reporting premiums and losses.

The valuation of securities resolution seems to be a cut and dried matter, with the decision reached beforehand not to recommend action at this time either on the life companies' proposal for an amortization formula for preferred stocks or on Superintendent Dineen's proposal for a contingency reserve on the liability side to keep out of surplus possible inflated values of common stocks.

The accident and health committee is ready to present in final form a proposed revision of the standard guide that is used in testing A. & H. policy filings. The life insurance committee is ready with a completed draft of new uniform group life insurance definition and standard provisions for group life insurance.

Also the A. & H. committee seems to be pretty well set on the matter of a definition of so-called franchise insurance.

The atmosphere at this point is surprisingly well cleared. It is not only coincidence that so many of these important issues are now ready to be resolved without further debate. There has been an immense amount of preliminary work at previous regular meet-

ings of the association and more particularly at committee sessions throughout the country. Committees have held forth at various points to take up just one or two issues at a time and they have devoted nights and days to matters at hand without the distraction of trips to Mt. Hood, Pamunkey tribe ceremonials and cocktail gatherings. These committee sessions have been exceptionally worthwhile. Drafts in what appeared to be final form have been chewed to pieces, rewritten, reprinted, torn apart again and finally put in shape for final action with every possible viewpoint having had its say, with errors in draftsmanship having been revealed and with unsuspected consequences of various conditions and provisions pointed out.

The sessions of the commissioners association are frequently branded by superficial critics as being nothing but gabfests and with what is supposed to be the annihilating question: "What did they do?"

Very often in terms of final action taken, the commissioners meetings add up to very little but we venture to say that the very critics who condemn the association for not coming out with half a dozen big decisions at each meeting would be the first to cry "uncle" should the commissioners get in the habit of snapping out decisions affecting the business everytime there was a quorum at a committee meeting.

It is true that many of the questions considered at N.A.I.C. meetings are recurrent and that oldtimers smile indulgently when they hear a spirited debate in 1946 on an issue that was old stuff to them in 1920. Yet the value and importance of the commissioners meetings are not to be measured in terms alone of resolutions adopted, action taken and questions finally resolved. There is a great benefit in the discussions themselves, the information that is adduced, the new points that are revealed and the illumination of the problem.

The N.A.I.C., being a voluntary association of state officials, could not last long if it insisted frequently on voting down states with a minority view or taking steps that outraged the industry. Results can be obtained only by working perhaps over the years to develop a consensus. Those who follow these meetings closely and watch what happens to various questions can see the progress that is being made. They can see brick being laid upon brick, even though the matter may be referred for further study or progress noted.

We feel that the commissioners and

the camp followers are entitled to some relaxation at Portland if it turns out that this is to be a meeting of final actions, on account of the months and

years of attention that they have been giving to these matters that now seem ready for disposition at the Portland gathering.

### Vice-presidents on the War Path

Vice-presidents of insurance companies with more than \$4 million of assets were set back on their heels by President Truman's disparaging remarks about them during his talk to the graduating class at Washington college, Chestertown, Md. The attack was particularly disturbing to them because they had been enjoying a feeling not only of complacency but of elation due to the fact that three of Mr. Truman's important appointments since assuming the Presidency have been from their own ranks—George E. Allen, vice-president of Home, the largest fire insurance company in the country with assets of more than \$172 million; Edward McKim, vice-president of Mutual Benefit

Health & Accident, the largest insurer of individual accident and health lines with assets of \$50 million, and Sidney Souers, vice-president of General American Life with assets of better than \$147 million.

The big insurance company vice-presidents spent a very unhappy day Sunday as they read and reread President Truman's lowly estimate of their position in the world. However, by Monday morning many of them had recovered from their despondency and, in fighting togs, were plotting a plan of action. They got under way a movement to organize a committee of big insurance company vice-presidents to promote a \$1 billion government at Washington.

## PERSONAL SIDE OF THE BUSINESS

**Thomas G. Burch**, Virginia's new United States senator, succeeding the veteran Carter Glass, is a past president of the Virginia Association of Insurance Agents, having been elected head of the organization in 1911 and serving two terms. He had been a member of Congress from the fifth district since 1931. Before entering politics, he was actively engaged in the local agency business at Martinsville. Originally, he operated under his own name. Later, the style of the firm became Burch, Hodges & Stone and it is still operated under that name.

**R. A. Napier**, prominent Chicago local agent, is following his custom of many years in opening his garden in Blue Island to hundreds of friends Sunday, June 9. He has a great display of peonies and this will be the top of the season.

Board member of the California State Chamber of Commerce is **Preston Hotchkiss**, president of Founders F. & M. and a director of Pacific Indemnity Co.

**H. A. Blinn**, assistant secretary of Wheeler, Kelly, Hagny, Wichita, has returned to his desk following a month's absence during which he underwent an operation in Wesley Hospital there.

A farewell dinner to **R. V. Cherry**, manager of Western Adjustment at Indianapolis, who is being transferred to Chicago, is being sponsored by the Indianapolis Insurance Board for June 17.

**C. P. Thurman**, state agent in Kentucky for a number of years of America Fore, who recently suffered a heart attack, is reported to be showing considerable improvement, but will have to take things easy for several weeks. While young in years, Mr. Thurman is a veteran in the Kentucky field.

**Ray Yenter**, former Iowa commissioner, was defeated by Representative Jensen in the Republican primary for congressman from the fifth Iowa district.

**J. Lynton Hadley** of Joseph Hadley &

Son, London Lloyds broker, has been spending several days in St. Louis. This is his first trip to the United States since 1938.

## DEATHS

**S. W. Gilbert**, local agent at Artesia, N. M., since 1939, died there. His agency has been purchased by the E. A. Hanna agency.

**S. T. Husson**, local agent at Olney Springs, Colo., since 1916, is dead.

**Frank E. Yeager**, 72, old time agent and broker in Natick, Mass., president of F. E. Yeager & Co. for 50 years, died at a Framingham, Mass., hospital.

**Simeon J. Whitney**, 71, local agent and political leader in Bingham, Me., for some years, died in Boston following several weeks' illness.

**Frank A. Hewitt**, 59, secretary-treasurer of the Hoover & Diggs general agency at Pittsburgh, died there. He joined the firm in 1915 and in 1921 became secretary-treasurer. He organized the Insurance Premium Finance Co., now known as the Premium Consumers Discount Co., in Pittsburgh.

**James H. Curtis**, 70, who had operated the agency bearing his name in Worcester, Mass., for 47 years, died there.

**Hart Wallace**, 76, local agent of Shively, Ky., died of coronary thrombosis. He had spent more than 50 years in the real estate and insurance business.

**Charles H. Morrill**, 67, a partner in the W. H. Markham & Co. agency, St. Louis, died here. He had been associated with the agency since his graduation from Harvard in 1900. In recent months during the part-time absence of George D. Markham, senior partner, due to ill health, Mr. Morrill had been di-

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recting the agency. He was a director and past president of the Insurance Board of St. Louis.

**Mrs. O. H. Sturgeon**, wife of the Illinois state agent of Pearl-American group, died in Springfield, Ill., after an illness of five years.

**Henry S. Rich, Jr.**, 47, mutual insurance leader, died suddenly from pulmonary thrombosis at his home in Marietta, Pa. He was senior partner of the Henry S. Rich agency, secretary-treasurer of Donegal & Conoy Mutual Fire, director and former president of the Pennsylvania Federation of Mutual Fire Insurance Companies, president of the Mutual Rating Bureau of Harrisburg, secretary-treasurer of Susquehanna Mutual and treasurer of Mutual of Delaware.

**Walter J. Rosenthal**, 65, head of the insurance brokerage firm of H. Rosenthal & Son, New York City, until his retirement five years ago, died at Montclair, N. J. He was former head of the Insurance Brokers Association of New York and a member of the code and ethics committee of the Insurance Society of New York.

**Fred R. Sargent**, who retired in 1932 after 47 years service with Liverpool & London & Globe, died on a train enroute from Miami to Springfield, O., at the age of 78.

Mr. Sargent started with L. & L. & G. at Chicago in 1885 when William Warren was the manager. He later became Chicago city manager and occupied that position until 1920 when the local office was taken over by Bartholomay, Darling & Co. From then until his retirement he served as special agent in Chicago and Cook county. He was a native of Naperville, Ill.

He had been making his home at Miami and was on his way to Springfield to his sister-in-law and brother-in-law, Louise and James Sterling. Burial was at Springfield Wednesday.

**Frank Prichard**, 63, local agent at La Salle, Ill., died after a long illness. Mr. Prichard had been in the insurance business for many years.

**R. C. Hughes**, 57, Yorkville, Ill., local agent, died recently of a heart attack.

**Henry W. Gnam**, Carroll, Ia., local agent, died after a long illness. His two sons, John and Louis, also are agents at Carroll.

**Charles E. Wessell**, well known Philadelphia insurance broker, with offices in the Lewis Tower building, died of a heart attack while attending a dinner meeting of the Germantown Lodge of B'nai Brith, of which he was secretary.

## Sweeping Victory for State Taxes

(CONTINUED FROM PAGE 1)

regulating or taxing it, that the continued regulation and taxation of that business is in the public interest and that no federal law shall invalidate or impair a state law touching that business. That is precisely what sections 1, 2a and 2b of the McCarran law say as to insurance and the Prudential opinion holds that it is not an unconstitutional delegation of legislative power. The clear implication is that a similar law applying to any business would be sustained.

In a footnote, not shown in the text of the opinion here, Justice Rutledge says: "The McCarran act is, in effect, a determination by Congress that the business of insurance, though done in interstate commerce, is not of such a character as to require uniformity of treatment."

Insurance company executives will undoubtedly ask whether the Prudential decision puts any brake on the state taxing powers, or whether any tax, no matter how onerous, would be sustained. The degree of burden of the South Carolina tax was not discussed in the opinion. Justice Rutledge hints that there is a limit, but does not attempt to define one. Legal authorities considered the following part of his opinion particularly significant:

"Here both Congress and South Carolina have acted, and in complete coordination, to sustain the tax. It is, therefore, reinforced by the exercise of all the power of government residing in our scheme. Clear and gross must be the evil which would nullify such an assertion."

In other words, a state tax law would have to be outstandingly severe and unfair to be ruled out.

Justice Rutledge said that insurance companies, from Paul vs. Virginia through S.E.U.A. to this case, have

jumped from one side of the fence to the other.

The California regulating case involved a criminal charge. Robertson, who had no insurance license of any kind, solicited insurance for First National Benefit Association of Phoenix, Ariz., which was not licensed in California. The company was an assessment organization. As of 1940, the California laws prohibited licensing of these carriers, although it permitted the old previously licensed "Chapter 9" assessment companies to continue in the state. The insured had answered an advertisement of First National Benefit and Robertson had called upon him, sold the insurance and collected the premium. The company itself was not involved, the action being against Robertson for violation of the agency license laws.

In general, the facts in the Robertson case were not unlike those in Paul vs. Virginia, except that First National Benefit could not be admitted in California at all. A footnote indicates, without trying to decide the matter, that perhaps Robertson could have placed insurance in that company under the California surplus line brokers law, but Robertson was not licensed under that law either.

### Quiets Previous Fears

In upholding the California laws right down the line, Justice Rutledge made it clear that the Supreme Court in the S.E.U.A. case had no intention of upsetting state supervision and held that these laws were a valid exercise of the police power of the state. He maintained that a state law has the right to exclude any type of carrier it deems unsafe for its citizens or to impose any standards of solvency, as long as they apply without discrimination.

Justice Rutledge disposed of the argument that there was illegal discrimination in the "grandfather clause" which permitted assessment companies licensed before 1940 to continue by pointing out that it applied to domestic and foreign carriers alike.

### Undecided Points

Naturally, the two decisions do not answer all the questions of state regulation and taxation, but they unquestionably leave state supervision in a strong position. In addition to apparently disposing of tax questions for good and all, they strongly indicate that countersignature laws will be upheld. It also seems safe to conclude that situations such as the Massachusetts prohibition of reciprocals will be unimpaired.

The opinions apparently do not indicate whether New York's Appleton rule will stand up in the federal courts. This rule provides for refusing admission to or ousting a company from New York if it does anything in another state which it may not do in New York.

### Retaliatory Laws

Perhaps the most important regulatory question unanswered by these cases is the status of retaliatory laws. The U. S. Supreme Court recently noted jurisdiction in a Kansas case involving American Indemnity and it may be that the next major insurance decision will be on this point.

The decisions, of course, throw no light on the latter points of the McCarran act, involving the anti-trust laws, Federal Trade Commission, boycott, coercion, etc. In this category, yet to be answered, are the important questions of rating and the activities of company and agency organizations.

### ENCOURAGEMENT FELT

**NEW YORK**—A feeling of encouragement at the Supreme Court's upholding of the right of the states to regulate and tax the insurance business was evident among insurance men here following the court's decisions in the Robertson and Prudential cases.

Any other decision in the Robertson case would have been calamitous and while denial of South Carolina's right

(CONTINUED ON PAGE 26)



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OFFICES IN PRINCIPAL CITIES

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**UNITED STATES BRANCH**

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**U. S. MANAGER**

**250 PARK AVENUE  
NEW YORK, N.Y.**

REINSURANCE in all the Casualty Fidelity and Surety lines, with special service devised to fit unusual cases not anticipated in conventional contracts.

## EMPLOYERS REINSURANCE CORPORATION

J. B. ROBERTSON—PRESIDENT

**KANSAS CITY**

NEW YORK  
CHICAGO  
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## Decide on Md. Casualty Refinancing Plan To Raise \$24 Million and Pay Off RFC— Williams Makes Peace

The board of directors of Maryland Casualty have approved a plan of recapitalization designed to liquidate, by the sale of new preferred stock, all capital funds advanced by Reconstruction Finance Corp. totalling approximately \$30,825,000, including principal and interest to July 1. Maryland announces that the differences between the management and Milton L. Williams have been amicably composed and Williams has concurred in the new plan.

Holders of common stock, other than RFC, will have full preemptive rights to subscribe, pro rata, for stock of each of the two new classes, thus permitting voting control to be restored to present stockholders.

The company expects to obtain approximately \$24 million through sale of stock. The balance of \$6,825,000 will be supplied from other funds of the company.

The recapitalization plan will be submitted to stockholders at a special meeting to be called in June.

The new preferred stock will consist of a cumulative prior preferred stock (non-convertible) and a convertible preferred stock. The dividend on the convertible will be non-cumulative except if earned in any one year and not declared in that year.

There will be about 240,000 shares of the cumulative prior preferred, liquidating value \$50, issued, realizing about \$12 million. Another \$12 million will be realized through sale of about 480,000 shares of the convertible, liquidating value \$25.

The firms of Merrill Lynch, Pierce, Fennier & Beane, First Boston Corp., Lehman Brothers, and Paine, Webber, Jackson & Curtis, are the bankers underwriting the issue. Associated with them will be a large group of other well-known investment firms.

Assets of Maryland now total more than \$80 million as compared to about \$41 million in 1941. Net premium writings in 1945 reached a peak of \$33,433,295, compared to \$28,654,566 in 1941.

Because of unfavorable experience in the mortgage bond guarantee field which the company discontinued writing in 1928, it became necessary in 1934 to obtain additional working capital and in that year RFC made available \$17½ million. An additional \$12½ million was furnished in 1942, when the rapidly growing business of the company indicated the need for additional capital.

Williams objected to the form of the 1942 financing, and filed suit in federal court in Chicago, in March, 1943, which suit was decided in favor of the company and RFC and also in the circuit court of appeals.

### Particulars of New Issues

It is understood that the senior preferred stock of Maryland Casualty will be of \$10 par value, that it will be sold at \$52 a share to yield Maryland \$50, that the guaranteed accumulative dividend will be 4% and that it will be callable at \$50. Shares that are preemptively subscribed by common stockholders will yield Maryland \$51, thus limiting the margin to the underwriters on

(CONTINUED ON PAGE 28)

## 15-Month Auto Liability Term Soon: Brewster

Plans are now being made so that very shortly auto liability policies may be written for a term of 15 months, William H. Brewster, assistant manager automobile division of the National Bureau of Casualty & Surety Underwriters, said in a talk before the Suffolk County Association of Local Agents at Patchogue, L. I. This will make it possible for agents to function under the bank and agent plan by including automobile bodily injury and property damage premiums in financing arrangements, Mr. Brewster declared.

He pointed out that, despite recent rate revisions upward, accident frequency and claim costs are still outstripping allowances. Today the cost of the average bodily injury claim is 20% above 1941 costs and the average property damage claim cost is 80% above the 1941 level.

### Bad Summer Ahead

From all predictions, this summer will witness the heaviest vacation travel in history and the most appalling record of fatalities and accidents, Mr. Brewster said. The heavy traffic coupled with the fact that cars are old and subject to breakdown, that many drivers are new or out of practice, and that highway maintenance has been low for several years, create a bleak picture. Until old cars are replaced by new and auto manufacturers are free from strikes, insurance companies will face unusually high settlement costs.

After much study in connection with rating commercial vehicles, the outmoded advertised low capacity basis of rating has been replaced by an entirely new and workable method based upon state registration requirements, Mr. Brewster said.

He pointed out that under recently announced manual revisions, automobile medical payments insurance, which has become an important factor, has been made available with respect to all types of automobiles. He cited this as an important forward step in connection with the coverage which is a strong builder of good will and public relations.

## Meyer Retires from Employers' Group

Herman J. Meyer, assistant resident manager of the Illinois department of Employers group, has retired. He will continue in Chicago as office agent with Employers.

Mr. Meyer joined the company in Chicago in 1908 as a junior clerk in the accounting department. He later became payroll auditor, then went to the underwriting department before being made assistant manager.

A dinner in his honor was given last week and he was presented with a wrist watch by Resident Manager R. L. Haskell. Nearly 70 members of the office attended.

### Big Chicago Bond in Making

M. J. Boyle & Co. with a figure of \$5,421,810 was low bidder for the construction of the west southwest sewage treatment works, division W of the Sanitary District of Chicago. This is to be put up at 52nd avenue and West Pershing road, Stickney, Ill. Final disposition of the contract is to be made by the sanitary district board Thursday of this week.

A performance bond in the amount of 50% of the contract price is to be required. If the contract is awarded to M. J. Boyle & Co., the bond will be written by Fidelity & Casualty through W. A. Alexander & Co.

## Ralph H. Platts Is New Standard Accident Head

DETROIT — Ralph H. Platts, a Standard Accident man since 1912 and vice-president since 1933, was elected president of that company Tuesday, taking the place left vacant by the death of Charles C. Bowen. The news was received enthusiastically by Standard Accident people at the home office and in the field.

Mr. Platts in recent years has been active in the general administrative affairs of the company. He started with Standard in the safety engineering department and later was transferred to the underwriting department, specializing in liability lines and later all lines including workmen's compensation.

In 1920 he was advanced to assistant superintendent of the liability department, including casualty inspection, auditing and underwriting.

In 1924 he was promoted to superintendent of the liability department and in 1928 was elected assistant secretary.

When he was elected vice-president in 1933 he was placed in charge of all casualty underwriting and allied services, and the entire production operations.

His age is 55. A son, Ralph Platts, Jr., who was a lieutenant in the army, is attending the Standard Accident training school at this time.

## Further Pacific Mutual Non-Can Restoration

In fulfillment of the rehabilitation and reinsurance agreement of 1936, Pacific Mutual Life has sent to non-can policyholders checks and notices that it has made a third partial restoration of 8% of benefits on policies issued by the old company. This brings the total restoration to 20%. The first was 7% as of Dec. 31, 1942; the second, 5% as of Dec. 31, 1944.

Where \$50 or less was involved in full restoration, the restoration was made in full. In all cases the checks to policyholders included interest.

### Aetna Has "Wheatless Days"

Aetna affiliated companies have inaugurated in their cafeterias a weekly "wheatless day." This step was taken in cooperation with President Truman's program of curtailing food consumption and sending needed foodstuffs to starving peoples.

On Wednesdays patrons will find no wheat products on the menu. In addition to the wheatless day program all employees have received folders urging them to cooperate with the conservation movement by reduced consumption of wheat and meats in their homes.

### New N. C. Commercial Car Setup

The new commercial car classification has been made effective in North Carolina June 1.

The new rates represent a B.I. decrease of 7.7% and P.D. increase of 12.4% or net overall decrease of 1.1% for commercial classes 2 and 3 and a B.I. increase of 15.4% and P.D. increase of 12.4% for classes 4 and 5. The rates overall are close to those in effect prior to gasoline rationing.

### Group Trade Assn. Signs in Fla.

The Green-Keyes-Vanderpool Agency of Miami has signed the new group insurance for a trade association covering the Florida Photographers Association. According to the agency, this is the first such contract signed in Florida. It provides for sickness, accident and hospitalization benefits to members and employees of members regardless of age, sex and physical condition.

## \$100,000 Primary, \$300,000 Excess on Ind. Embezzler

### Royal Indemnity, Aetna Cas. St. Paul Mercury Bear Loss

Sterling J. Perry, vice-president of National City Bank of Evansville, Ind., who has confessed embezzling \$143,000 from the institution, is understood to have been under primary bond for \$100,000 in Royal Indemnity on form 24 with an excess bond of \$300,000 in the same company on form 2. The bond only became effective on March 23 of this year.

The previous year the bond for \$75,000 primary was carried in Aetna Casualty with an excess bond of at least \$100,000 and perhaps \$300,000 in St. Paul-Mercury Indemnity.

Defalcation is said to have been over the last three years. Mr. Perry has apparently not explained what he did with the money, but credence is given the report that the funds went into oil ventures.

The local FBI office has hinted that arrest of other Evansville persons will be next development in the case. Mr. Perry has left the impression that others and not himself profited from the deal.

The banker has been released from jail after five men signed a \$10,000 bond which had been set by the U. S. commissioner. He is scheduled to go before the grand jury on June 12.

Mr. Perry, who was considered a model citizen and was a prominent church man, had voluntarily turned himself in to federal authorities at Indianapolis.

## Revise War Rating Plan for GI College Housing Program

WASHINGTON — A variation from the war rating plan has been worked out, it is understood, for application in connection with cost plus contracts being awarded by the federal public housing authority for providing some 200,000 dwelling units for war veterans entered as university students in communities where there is insufficient housing.

Under this plan, contractors buy compensation, public liability and auto insurance, and the government pays the premium directly to the insurers. During the war the government reimbursed contractors for insurance expenditures under the rating plan. Contractors' insurance advisers are appointed under the FPHA plan.

Officials believe this method of handling insurance will facilitate this particular part of the housing program. The aim is said to be to get all operations of one contractor covered under one set of policies.

This new feature of the FPHA insurance program is being handled centrally, it is understood, because some contractors operate in more than one region under the FPHA setup. However, it is understood that some miscellaneous coverages will be handled by the nine FPHA regional offices.

This part of the veterans' housing program involves conversion of barracks and defense housing into dwellings for university students. Some of the buildings involved are cut into sections or panels and transported to the site for dwellings and put together, or the used housing is reorganized otherwise.

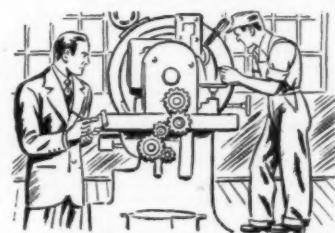
## Casualty Net Premiums and Paid Losses in 1945 in INDIANA

This is a partial list. Figures for companies not shown here will be given in a subsequent edition.

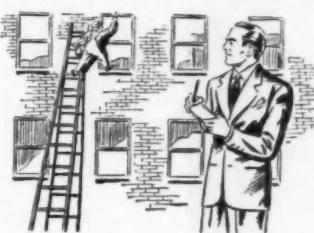
	Auto.	Other	Work.	Plate	Burg.	P. D.		Auto.	Other	Work.	Plate	Burg.	P. D.	
	Liab.	Liab.	Comp.	Fidel.	Surety	Glass	Theft	& Coll.	Liab.	Comp.	Prems.	Prems.	Prems.	
	Total	Prems.	Prems.	Prems.	Prems.	Prems.	Prems.	Prems.	Total	Liab.	Prems.	Prems.	Prems.	
	Liab.	Losses	Losses	Losses	Losses	Losses	Losses	Losses	Liab.	Losses	Losses	Losses	Losses	
Acc. & Cas...	3,939	1,081	219	932	—122	38	196	529	Interboro M. I.	213	41	161	1,958	
	1,975	500	439	—	—	—	839	—		431	—	431	—	
Aetna Cas...	13,996,464	214,178	172,178	607,094	86,193	78,763	25,940	74,102	127,908	3,536	380	151	1,958	
	485,855	50,417	21,198	334,957	3,017	5,831	12,269	9,676	61,434	318	—	157	—	
Allstate	384,280	221,399	—	—	—	—	—	—	162,860	—	—	—	—	
	197,836	58,285	—	—	—	—	—	—	49,550	—	—	—	—	
Amer. Auto...	405,637	289,438	41,000	120,818	197	—	2,157	16,465	173,948	228,845	134,698	4,808	35,612	
	240,468	112,793	1,825	44,348	—	—	591	4,141	—	67,235	22,155	26	7,141	
Amer. Cas...	135,408	31,161	11,010	21,318	4,063	5,139	983	7,631	33,406	1,065,810	62,527	66,538	909,105	
	40,303	9,786	—	5,809	130	—	1,333	1,486	13,216	591,819	20,765	1,622	541,359	
Amer. Empl...	422,704	73,583	47,071	192,165	11,381	7,295	2,464	19,652	47,951	913,389	85,020	62,629	529,019	
	162,510	27,621	8,514	86,574	—	302	1,288	865	23,160	352,070	18,257	4,048	273,115	
Amer. F. & C...	42,234	31,654	—	—	—	—	—	—	10,579	46,104	5,074	3,304	26,133	
	27,000	21,630	—	—	—	—	—	—	5,876	7,862	243	1,256	3,631	
Amer. G. & L...	38,430	131	1,651	12	5,567	—	—	119	713	62,306	7,484	26,337	2,459	
	117	—	—	8	31	—	—	—	—	7,433	95	3,111	2,381	
Amer. Mot...	145,514	15,006	8,736	110,608	3,642	163	13	64	6,814	625,938	74,857	55,692	185,369	
	75,337	5,681	100	62,522	81	—	79	—	6,435	236,581	9,075	77,586	1,314	
Amer. M. L...	792,597	15,619	48,987	679,266	6,882	175	33	4,077	17,121	276,014	52,310	23,782	107,893	
	525,959	6,683	8,425	467,358	3,443	—	72	1,337	7,826	162,698	13,302	1,153	104,352	
Amer. Phldrs...	7,768	—	—	—	—	—	—	—	—	403	—	—	403	
Amer. Re...	65,425	21,805	1,889	7,459	12,668	15,006	—	537	5,111	Merch. Indem...	9,210	8,288	—	
	8,967	—	—	—	—	—	—	—	—	170	170	—	826	
Amer. Sur...	475,204	29,638	27,622	134,442	204,454	45,307	5,222	21,731	16,866	Metrop. Cas...	113,432	41,917	17,765	
	207,367	6,479	2,968	258,828	24,983	33,192	1,945	1,685	6,667	31,573	13,454	8,186	2,298	
Anchor Cas...	15,465	500	1,615	11,088	—	—	—	—	—	197,556	5,356	5,883	18,088	
	2,858	—	—	2,858	—	—	—	—	—	110,640	4,063	1,203	7,785	
Arex Ind...	5,103	34	297	4,306	—	—	—	396	5	Mich. Surety...	7,213	3,101	581	720
	2,634	—	—	2,634	—	—	—	—	—	3,365	2,064	—	—	
"Assoc." Ind...	7,521	79	2,106	4,911	—	10	135	—	275	178,966	2,477	2,105	10,286	
	4,399	—	—	4,379	—	19	—	—	—	13,837	100	868	171	
Atlantic M. I...	36	36	—	—	—	—	—	—	—	New Am. Cas...	294,631	46,969	48,344	
	—	—	—	—	—	—	—	—	—	84,766	28,676	16,645	9,460	
Auto. Owners...	667,805	173,480	14,680	52,767	—	—	2,034	9,904	273,225	26,194	12,810	1,171	205	
	203,790	39,674	573	18,146	—	—	1,457	5,081	115,931	183,368	25,773	1,554	3,294	
Bankers Ind...	54,528	12,282	6,133	32,653	—	—	1,701	3,579	7,926	197,556	5,356	5,883	18,088	
	19,808	688	45	11,996	—	—	949	3,042	3,032	110,640	4,063	1,203	7,785	
Bitum. Cas...	417,168	—	—	24,924	384,374	—	—	—	780	7,213	3,101	581	720	
	211,527	—	—	2,819	207,927	—	—	—	—	3,365	2,064	—	—	
Buckeye Un. C...	195,222	59,291	9,401	—	—	—	1,435	10,206	90,842	178,966	2,477	2,105	10,286	
	77,212	19,443	706	—	—	—	560	1,951	41,934	13,837	100	868	171	
Car & Gen...	8,610	4,954	245	409	—	86	254	26	2,642	84,766	28,676	16,645	9,460	
	1,378	—	—	83	—	—	110	—	1,184	183,368	31,309	8,372	3,294	
Cas. Mut...	5,858	—	270	5,499	—	—	—	—	88	78,436	11,162	7,456	2,036	
	728	—	—	723	—	—	—	—	5	16,863	2,759	403	12,118	
Celina M. C...	40,200	12,408	520	—	—	—	94	146	20,402	58	6	—6	—72	
	17,734	5,813	32	—	—	—	—	—	—	31	—	—	—	
Central Sur...	194,445	94,108	8,125	9,617	6,121	3,450	1,501	18,306	55,174	Northwest Cas...	58	19	10	
	67,632	42,021	3	3,352	228	614	3,053	18,557	—	—	—	—	—	
Century Ind...	36,372	7,036	3,736	9,324	1,680	3,833	1,590	4,101	4,389	Stand. Acc...	463,600	62,702	26,596	
	5,033	121	406	5,535	—405	2,640	278	8,080	—	5,378	1,751	1,751	1,751	
Chgo. Ice Prod...	3,171	203	98	822	—	—	—	14	186	Stand. S. & C...	70,064	11,472	10,162	
	1,346	51	25	1,202	—	—	—	—	67	18,063	2,759	403	12,118	
Citizens Cas...	1,606	4,850	—	—	—	—	—	—	1,535	Sec. Mut. Cas...	31,365	1,329	2,049	
	6,801	750	—	333	325	—	—	—	—	21,180	21,180	—	—	
Columbia Cas...	90,052	20,529	7,563	26,073	10,160	3,538	1,803	3,847	12,310	Shelby Mut...	42,547	4,612	6,386	
	20,473	5,476	32	6,162	—378	—	819	2,040	5,343	15,754	776	1,030	4,794	
Commer. Cas...	98,455	24,457	14,764	474	6,587	2,633	1,329	2,976	3,069	Phoenix In...	159,421	22,623	32,521	
	36,060	10,997	1,097	13	—1	500	547	499	341	44,136	7,887	80	2,658	
Commer. Std...	3,490	1,679	60	584	—	10	—	—	1,070	44,136	21,374	3,294	1,070	
	935	38	23	29	—	—	—	—	581	21,374	3,294	1,070	—	
Conn. Ind...	9,717	4,733	746	—	—	450	453	3,324	—	Penn. Cas...	6,552	1,550	—579	
	2,060	134	250	—	—	181	—	1,494	—	91,450	875	2,556	58,480	
Dearborn N. C...	12,909	6,274	690	—	—	—	422	4,352	—	178,966	27,387	30,570	38,774	
	9,051	5,439	658	—	—	—	—	—	—	183,250	27,434	30,668	35,953	
Eagle Ind...	48,043	6,718	4,381	20,887	2,465	2,436	340	2,744	3,586	1,043,471	286,975	100,098	15,774	
	8,843	390	206	3,216	77	27	133	1,437	915	1,043,471	286,975	100,098	15,774	
Electric M. L...	5,997	1,234	888	2,958	—	—	—	—	58	225,263	11,707	—	—	
	1,221	886	—	276	—	—	—	—	58	225,263	11,707	—	—	
Empl. Cas...	36,348	2,044	3,059	21,029	—	—	341	1,610	4,936	42,547	4,612	6,386	292	
	2,077	72	—	—	—	—	—	—	—	15,754	776	1,030	4,794	
Empl. Liab...	938,346	196,394	136,653	557,512	9,532	4,217	9,930	19,700	71,404	Stand. Acc...	463,600	62,702	26,596	
	248,400	57,717	32	382	—	—	2,421	5,614	29,855	183,368	20,379	3,294	1,070	
Empl. M. Liab...	596,940	30,911	51,866	454,592	404	274	2,436	2,436	3,069	1,043,471	286,975	100,098	15,774	
	26,203	11,219	121	2,629	—	—	—	—</						

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Losses	
	11
	267
	94
501	53,121
61	37,466
51	39,552
03	24,337
40	18,978
33	9,997
20	77,291
47	32,729
71	3,183
98	771
	6,016
	1,846
57	52,015
61	18,651
37	21,214
60	19,821
38	3,484
65	1,996
01	164,110
15	98,630
70	1,681
186,710	68,431
42	149,330
76	96,755
92	3,856
31	1,373
	4,111
	1,239
73	1,301
14	79
782	31,127
27	12,526
	6,884
27	3,371
	11
	12
	22,063
	7,411
53	227,850
15	39,046
02	82,014
36	33,705
	331
	285
05	
13	660
	15,925
03	14,990
94	5,461
35	3,647
87	1,308
26	14,224
69	10,002
75	26,106
23	10,561
86	78,271
58	59,118
80	62
	481
	4,900
	3,145
09	46,325
51	23,817
11	8,764
	8,696
	742
	535
90,741	696,028
96	1,901
	952
05	162,119
36	87,115
50	9,439
	3,268
19	58,918
83	38,347
16	191,867
04	93,425
57	3,164
	1,898
	106
	17,945
	10,255
	3,760
	878
05	27,007
10	13,467
30	1,471
	301
12	200,778
16	86,422
37	1,125
	552
17	33,065
15	20,065
Paid	
Losses	
7,615	
2,031	
1,040	
234	

## How American-Associated Safety Engineering HELPS YOUR CLIENTS REDUCE INSURANCE AND OPERATING COSTS



**1. On every Workmen's Compensation risk, previous accidents are studied to determine the major causes. Then the risk is thoroughly examined by our Safety Engineer to detect existing physical hazards.**



**2. The next step is a survey of unsafe work and process methods. The Engineer then prepares a comprehensive Safety Study which enables him to forecast future accident trends.**



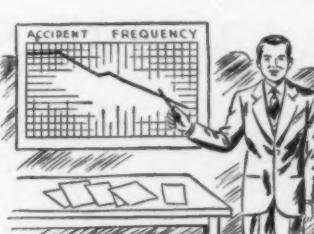
**3. From this Study the Safety Engineer prepares a detailed report which presents the entire accident problem and offers an individualized plan for its control.**



**4. The report is then presented to our policyholder. After the plan has been accepted, our Safety Engineer assists in establishing the most efficient safety program, building it around the existing safety organization where one exists.**



**5. The American-Associated Engineer works closely with those responsible for safety control in the plant making examinations, process studies and accident investigations; assisting in educational activities and furnishing safety material.**



**6. By reducing the frequency and severity of accidents this expert Safety Engineering cuts hidden operating costs and increases production efficiency. It is a nationwide service available through 26 Branch Offices.**

AMERICAN AUTOMOBILE  
INSURANCE COMPANY  
AMERICAN AUTOMOBILE  
FIRE INSURANCE COMPANY  
SAINT LOUIS



ASSOCIATED INDEMNITY  
CORPORATION  
ASSOCIATED FIRE & MARINE  
INSURANCE COMPANY  
SAN FRANCISCO

Atlanta • Baltimore • Boston • Buffalo • Chicago • Cincinnati • Cleveland • Dallas • Des Moines • Detroit •  
Hartford • Indianapolis • Kansas City • Los Angeles • Milwaukee • Minneapolis • New Orleans • Newark •  
New York • Philadelphia • Pittsburgh • Portland • Providence • St. Louis • San Francisco • Seattle

Striving with  
every facility for  
the opportunity to  
serve risks properly,  
through agents and  
brokers exclusively.

Pennsylvania Casualty  
Company  
A multi-line stock company  
Baltimore

## April Traffic Toll Shatters 1941 Record

National Safety Council reports April traffic deaths reached 2,650, 47% greater than April, 1944, and 1% more than the same month of 1941, all time record year.

Traffic deaths in 1941 were 40,000. At least 38,000 will be killed this year, the council estimates. Toll for the first four months of 1946 was 10,770, compared with 7,420 in the same period last year. This was an increase of 45% and only 1% under the 1941 record for the period.

### Mileage Up

Travel figures for April are not available, but mileage for the first quarter of the year was 70.3 billion miles, an increase of 37% over the first three months of 1945, but still 2% below 1941 figures.

The death increase can be attributed chiefly to the mountain and Pacific states. Eastern states are still below 1941 death totals. Urban mileage death rate was below the 1945 rate for the first two months of the year. The increase in mileage rate is coming from rural highways.

The traffic death toll for April is based on returns from 39 states, three of which reported decreases, one no change and 35 increases over the same month last year. For the four month period only one state, Maryland, had a decrease in deaths (1%).

### City Standings

April reports of 381 cities showed their traffic deaths increased 1% over the same month last year. Decreases were reported by 81 cities, 92 had increases and 208 showed no change. For the four month period, the increase was 17%, with 102 cities showing decreases, 181 increases and 98 no change.

Of the 381 cities, 236 had perfect records in April. The largest was Washington, second Milwaukee, third Memphis.

For the four month period, 88 cities maintained perfect records. The largest city was Cambridge, Mass., followed by New Britain, Conn., and Passaic, N. J.

### Buffalo Wins Standard Accident Branch Award

The branch office merit trophy of Standard Accident was awarded to Buffalo for outstanding performance in 1945. A dinner party for the Buffalo office was held last week and many from Rochester and Syracuse were on hand.

Home office executives attending were L. K. Kirk, vice-president and treasurer; R. E. Sturges and H. A. White, executive secretaries.

The trophy is awarded annually on the basis of volume, profit and collections. Gilbert Hildebrandt is manager at Buffalo and Frank Hause is manager of the bonding department.

### Ind. Casualty Premiums and Losses for 1945

(CONTINUED FROM PAGE 22)

	Net Prem.	Paid Losses
American Mut. Liab....	8,792	21,811
American Policyholders....	7,830	4,032
American Re....	723	692
American Surety....	7	.....
Bankers Ind....	242	54
Buckeye Union Cas....	9,718	2,371
Celina Mut. Cas....	1,559	638
Central Surety....	39	.....
Century Ind....	709	456
Columbia Cas....	4,330	872
Combined Mut. Cas....	49,115	12,586
Commercial Cas....	42,148	22,276
Craftsman....	45,736	18,895
Deaborn Natl. Cas....	803	24
Eagle Indem....	2,248	582
Employers' Liab....	12,524	2,854
Employers Re....	67,717	9,541
European Gen. Re....	14,988	3,096
F. & C....	14,217	1,019
Fidelity H. & A. Mut....	113,090	45,781
Firemens Fund Ind....	533	42
General Acc....	6,382	3,147
General Cas....	2	.....
General Re....	44,625	31,921
Glens Falls Ind....	6,550	1,399
Globe Indem....	22,389	2,642
Great American Ind....	4,108	558
Hardware Mut. Cas....	1,175	181
Hartford Acci....	52,883	8,464
Home Indem....	172	229
Illinois Mutual....	95,314	33,248
Income Guar....	87,008	39,565
Indemnity....	10,101	451
Inter-State B. M. A....	26,157	7,870
Liberty Mutual....	805	252
Lon. & Lan. Ind....	12,316	5,499
Lumbermens Mut. Cas....	8,156	4,628
Mfra. Cas....	670	76
Maryland Cas....	98,293	79,925
Mass. Bonding....	16,518	7,144
Mass. Indem....	40,789	13,098
Mass. Protective....	336,617	165,428
Merchants Indem....	105	.....
Metropolitan Cas....	18,588	7,127
National Acc. & Health....	14,938	4,744
National Cas., Mich....	153,563	83,277
New Amsterdam Cas....	4,815	561
Northern Mut. Cas....	84,292	15,327
Norwich Union Ind....	38	.....
Ocean Acc. & Guar....	19,202	3,775
Ohio Cas....	27,582	6,081
Ohio Farmers Ind....	13,795	1,774
Peerless Cas....	5,291	2,189
Pa. Casualty....	708	708
Phoenix Indem....	3,889	39
Preferred Accident....	25,066	7,326
Prot. Indem....	1,085	.....
Royal Indem....	5,539	1,065
St. Paul-Merc. Ind....	3,199	336
Shelby Mut. Cas....	1,062	185
Standard Acc....	32,542	19,183
Standard Sur. & Cas....	638	188
State Auto Mut....	55	.....
Sun Indemnity....	1,906	722
United Natl. Ind....	68	.....
U. S. Casualty....	12,555	2,887
U. S. F. & G....	42,832	11,994
U. S. Guarantee....	247	.....
Western Natl. Ind....	463	.....
Woodmen's Acc....	190,087	55,194
Western Cas. & Sur....	187	.....
Woodmen Central....	38,780	28,723
Yorkshire Ind....	2	169
Zurich....	102,275	83,376

### Can Bind Auto Coverage Abroad

NEW YORK—R. C. Rathbone & Son, agents of Provident Accident & White Cross, have announced that they can bind coverage for insured wishing to take their cars to Europe and can obtain the necessary cover note required by authorities in Great Britain and countries on the continent. Physical damage coverage covering on land and sea can also be obtained.

Specially trained men from our staff available for Audits on Motor Cargo lines subject to I.C.C. Endorsement B.M.C. 32 to determine financial condition and outstanding claims.

*Audits and Inspections in connection with  
all types of Inland Marine and Ocean cover.*

**ATWELL, VOGEL & STERLING, INC.**

60 John Street, New York :: A-1855 Insurance Exchange, Chicago

369 Pine Street, San Francisco

*Offices in 19 other cities furnishing nationwide service.*

E 22)

Paid	
Losses	
21,811	
4,032	
683	
53	
2,271	
628	
658	
572	
12,586	
23,270	
18,899	
234	
582	
2,824	
9,845	
2,098	
1,013	
45,781	
42	
3,147	
31,921	
1,399	
2,642	
258	
181	
8,464	
229	
33,048	
29,565	
455	
7,870	
251	
5,409	
4,628	
76	
79,925	
7,144	
13,098	
165,426	
7,127	
4,744	
93,277	
561	
15,327	
3,775	
6,081	
1,774	
2,190	
708	
89	
7,520	
1,065	
236	
165	
19,102	
108	
782	
2,987	
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*From the Victorian Age  
to the Air Age*

THE year was 1896. The needs of American Business for corporate suretyship led to the formation of United States Fidelity & Guaranty Company. Today, its 8,000 agents, located throughout the United States and Canada, help safeguard business and the individual by writing practically all forms of fidelity and surety bonds and casualty insurance policies. In the Air Age, as in the Victorian Age, U. S. F. & G. is Protection!

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*Home Office: Baltimore 3, Maryland*

Consult your insurance agent or broker as you would your doctor or lawyer

## Sweeping Victory Won for State Regulation and Tax

(CONTINUED FROM PAGE 19)

to levy a discriminatory premium tax on out-of-state insurers would have been more equitable and more in line with prohibition against discrimination against interstate commerce, the fact that the court so strongly upheld the power of Congress, through public law 15, to permit states to tax companies even discriminatorily gives assurance that Congress was not, in the court's opinion, overstepping its powers in af-

firmatively leaving these powers in the hands of the states.

### Danger in Decision

The only misgiving arises in connection with the possibility that the court's opinion, by acknowledging Congress' power to permit a discriminatory tax, might be giving the green light to states that might want to carry discrimination in taxes to an extent that would build insurance tariff walls. It might be argued that the Supreme Court was only saying that Congress had sanctioned only the level of discrimination

that existed when P.L. 15 was enacted but that the law could not be taken as permission to carry discrimination substantially further than that. However, those who have been following the case wanted time for further study of the opinion before committing themselves on this point.

### Attitude of Prudential

Prudential was not appreciably downcast by the result. According to Donald Cruse, general counsel, the company has considered, ever since the S.E.U.A. decision, that the question of discriminatory premium taxes would eventually have to be settled and that was the company's sole purpose in instituting the litigation. It was not an attempt to avoid payment of premium taxes.

Mr. Cruse said until he had received and studied the complete opinion he would not be able to comment on its effect on other similar actions of Prudential which are still pending.

In the Robertson case, upholding California's right to set specifications for licensing companies and agents, they made its decision on the broadest possible basis. There was no qualifying of the state's right to exclude a company, except that it must have a reasonable basis for doing so. The decision in the Robertson case was particularly gratifying to those who had their fingers crossed because the case originated under circumstances in which it was not generally realized that it would go to the Supreme Court and that so much of vital importance for the insurance business would hang on it. The result was that the course of the trial was not of Supreme Court caliber and this might well have been a factor in bringing an adverse decision in the high court.

### Minn. Bureau Completes 25 Years

MINNEAPOLIS — The Minnesota Compensation Rating Bureau rounded out 25 years of operation June 1. James F. Reynolds, general manager, has been with the bureau almost from the start.

### Va. Mine Rates Up 9.1%

An increase of 9.1% in workmen's compensation rates for coal mines in Virginia has been authorized by the corporation commission. The increase includes 2.3% in the basic rate due to experience the past six years and 5.8% to take care of increased benefits under the amended compensation law effective June 19. The commission stated that if there was an increase in wages under the miners' contract it would calculate the rates on the basis of the increased payroll. The ruling was made prior to the increase in wages by presidential order.

### Becomes Loyal Automobile

Pioneer Automobile, being organized at Los Angeles, has changed its name to Loyal Automobile. It has applied to the California department for permission to issue and sell 150,000 shares of \$1 par value stock for \$3 a share.

### Remove Policy Brakes in N. Y.

The Compensation Insurance Rating Board of New York has now given permission to insurers to issue compensation policies with rating anniversaries after July 1. Previously the board had instructed companies to withhold issuance of such policies on the theory that approval of the new rates would be forthcoming shortly. Such approval has not been given and companies may now issue the policies with an entry "rates to be determined" in the rate column.

### New Buckeye Union School

The Buckeye Union companies will hold another veterans' school for agents June 18-21, under the direction of S. W. Schellenger, superintendent of agencies, and John A. Dodd, Jr., assistant secretary. Mr. Schellenger will handle the casualty lines.

## Mich. Safety Work Acclaimed

LANSING, MICH.—Reports on several successful campaigns, including a quiz program on safety conducted in scores of high schools and among business men's groups, marked the annual meeting here today of the Automobile Insurers Safety Association at which E. H. Brink, executive secretary of Preferred Automobile, was reelected president.

The association embraces 30 insurers, including all of the Michigan specialty companies and a number of out-of-state companies. The association is working with the International Association of Police Chiefs in the safety check of all cars involved in traffic offenses.

Vice-president is James Purdy, Michigan Mutual Liability; replacing William C. Searle, Auto-Owners; secretary is John S. Kerper, Employers Mutual Casualty.

In its radio and newspaper advertising, the association is stressing the slogan "Speed, the Killer." Most Michigan radio stations are using a transcribed spot broadcast which has attracted wide attention and safety advertising is carried in newspapers.

The quiz program, entitled "What Do You Know About Safe Driving?" tests members of groups as to their knowledge of safety methods by 20 questions. Ninety-eight high schools have cooperated in the tests and nearly half as many service clubs. It is planned to extend the program throughout the coming year. Less than 50% know "all the answers" while upwards of 35% "flunk" the quiz with marks below 65%.

Get your copy—1946 TIME SAVER for Accident and Health Insurance. \$4 from The National Underwriter.



*it's all there  
in a nutshell*

*Speed Up the Acceptance of Your Bond Risks by Keeping Anchor's "Field Counsellor" Cabinet at Your Elbow.*

*A simplified system for the preparation of Bond submissions—organizes the entire business for the Agent.*

*Application supply folders with indexed, manual-colored tabs carrying complete instructions for submission of risks; in addition, copyrighted factual information of an educational nature, in condensed form.*

*Anchoring Assures Smooth Sailing  
Short Form Applications  
Simplified Rate Manual*



**ANCHOR CASUALTY CO.**  
ST. PAUL, MINN.

## Wilson Asks Positive Approach on Policies

Insurance companies today are offering "in-between" policies and as a result the assured doesn't know where he stands and guesses his way in and out of rates and coverages, F. S. Wilson, insurance manager, United Air Lines, said in a talk Tuesday at the Chicago Risk Club.

"I defy anyone in the world to read a fire policy without taking a course in it," Mr. Wilson said. Given a chance to present the buyer's view of insurance problems, he started with fire covers and said that it is one of the most confusing forms available. He characterized the penalty of misstatement of values as unfair. The buyer cannot know what value to set even though his intentions may be good, and inevitably has a hard time finding where he stands.

The insurance company could appraise real property for the assured, Mr. Wilson suggested. Settlements then would be fair, there would be little ground for disagreement, it would promote tremendous good will, and many times companies do it anyway in determining what to pay on a loss.

Reviewing the accident policy he criticized the accidental clause vs. accidental bodily injury. One assured often doesn't know his policy is not as broad as his neighbor's, he declared, adding that it probably wouldn't break the companies financially to extend a uniform stand.

Discussing professional liability, Mr. Wilson said there is a variance in covers, some of which cover malpractice, mistake, or error, while others cover service rendered or which should have been rendered, including libel, trespass and slander. There should be uniformity and broader protection here, too, he maintained.

Changes can be made to provide a broad, simple policy, he said, citing the air shipper's freight policy which covers practically all perils except government interference and insurrection. Covers are endorsed out instead of into the policy, establishing a positive approach.

The public wants full coverage, but doesn't care for technicalities, he stated. What can be offered is a complete policy for every risk or a line and exclusions noted by endorsement. Then the assured knows he has everything to start with minus what he himself has decided is unnecessary. Premiums could be scaled as maximum cover, he pointed out, and reduced as exclusions are added.

As insurance is sold today it is like attempting to buy a car part by part, he said. The chassis, body, lights, tires and other parts are bought individually rather than a complete car minus a few accessories not desired.

### Name Lewis in W. Va., O.

Fire Association has appointed H. M. Lewis special agent in West Virginia and southern Ohio, with headquarters at Parkersburg, W. Va. He recently returned to the group after four years in service.

### High Court Denies Writ

WASHINGTON—The U. S. Supreme Court Monday denied a writ of certiorari in No. 1143, Indemnity of North America vs. Reiley.

### Mager Tells Casualty Trend

John Mager, vice-president of State Automobile Mutual, addressed the Mutual Insurance Club of Columbus monthly meeting on "The Present Trend of Casualty Insurance."

Robert L. Rose, manager of THE NATIONAL UNDERWRITER advertising service department for 11 years before enlisting in the navy in 1942, has joined Charles D. Spencer & Associates, Chicago, in charge of production and advertising service. Mr. Rose was a navy lieutenant.

## Late Fire News

### Ohio Field Men Foregather at Lake Wawasee, Ind.

Fire insurance field men of Ohio held their annual meeting and outing this week at Lake Wawasee in Indiana. The executive committee of the Ohio Fire Underwriters Association met Tuesday evening and Wednesday morning both union and bureau field clubs convened in separate sessions.

The Ohio Fire Underwriters Association considered only proposed changes in its constitution and by-laws along the lines of changes adopted by the Western

Underwriters Association in April. Voting will take place later. Reports were submitted and officers elected. W. H. Witherspoon, Aetna Fire, Columbus, president, presided.

Wednesday afternoon there was golf for the men and a bridge party for the women, the latter sponsored by the Ohio Blue Goose. Wednesday evening the pond held its annual meeting and elected officers. This was followed by a dinner-dance in which members of the four groups and their ladies took part.

The Fire Prevention Association of Ohio meets Thursday morning.

### Harrison Houston Special Agent

J. F. Harrison has been named special agent of Continental Fire & Cas-

ualty, in Houston territory. He recently was discharged as a naval lieutenant. He is a graduate of Harvard School of Business Administration, received early London Lloyds training and then became head of the reinsurance and excess lines department of the Rollins-Burdick-Hunter Co., Chicago.

### Scales Joins Vg. Agency

J. Shelton Scales, formerly with Equitable Society and more recently of the marines, has joined the Burch-Hodges-Stone agency of Martinsville, Va.

The agency has qualified under the on-the-job training program, and Mr. Scales will receive veteran's training there.

## "I pioneered this trail to future business"



## CENTRAL SURETY

Individual Comprehensive PERSONAL LIABILITY Policies

### Lead to Bigger Sales

"The best leader I know for future sales," says one agent. "We sell this remarkably broad coverage mostly on 3-year policies . . . \$25. Buyers become notably receptive to other offerings."

"You can follow my trail around town by the Personal Liability policies I've sold . . . sowing the seed of future general business."

## CENTRAL SURETY AND INSURANCE CORPORATION

HOME OFFICE KANSAS CITY, MISSOURI

R. E. McGINNIS, President

SAN FRANCISCO

• CHICAGO •

NEW YORK

## Md. Casualty Refinancing Plan

(CONTINUED FROM PAGE 21)

such shares to \$1. There will thus be 240,000 of these shares and they will produce a capital account of \$2,400,000. The junior preferred will have \$5 par and there will thus be 480,000 shares which will produce a capital account of \$2,400,000. These are to be convertible into common at the rate of 11 shares of common for 10 shares of second preferred. They are to be sold at \$26 a share, yield Maryland \$25 except that shares pre-emptively subscribed will produce \$25.50 for Maryland. These shares are to be callable at \$20 or at market value of the common plus 10% whichever is higher. It is the assumption that most of the second preferred shares will be taken up by the present common stockholders.

After the financing is completed and the RFC stock consisting of 270,000 share of preferred and 1,450,000 of common are extinguished, the capital of Maryland Casualty will total \$5,600,000 consisting of \$2,400,000 first preferred, \$2,400,000 second preferred and \$800,000 common. Should all of the junior preferred be converted into common, that would result in the addition of

48,000 shares (10% of 480,000 shares of junior preferred).

### Maximum Margin \$960,000

The maximum margin for the underwriting houses is \$960,000 which is what they would get if none of the common stockholders exercise pre-emptive rights. The minimum margin for the underwriter is \$480,000 which is what they would get if the entire issue were taken up by present stockholders.

At Dec. 31, 1945, surplus to policyholders in Maryland amounted to \$32,536,959 including a market fluctuation reserve. Added to that will be the \$24 million to be realized from the sale of the new issues, giving a total of \$56,500,000 and subtracted from that will be the \$30 million for RFC leaving surplus to policyholders of \$26,500,000. Of that amount \$5,600,000 would be capital and \$20,900,000 net surplus.

Maryland Casualty stock has been selling in the past few days in the range of 23-24.

It is understood that Williams will have the naming of one director.

### MAKES RFC FILING

WASHINGTON — Maryland Casualty has filed a registration statement with SEC disclosing proposed security offerings of 239,940 shares of \$10 par value cumulative prior preferred stock

and 479,880 shares \$5 par convertible preferred.

The statement shows they will be offered first to common stockholders on the basis of a share of cumulative preferred for each 3 1/3 shares of common now held and a share of convertible preferred to each 1 1/3 shares of common holdings.

Unsubscribed for shares will be offered publicly by an underwriting syndicate.

Net proceeds of about \$24 million are anticipated by Maryland from the offerings, which it plans to use, with about \$6,830,000 other funds to pay off indebtedness of its subsidiary, Maryland Holding Co., to RFC.

### New Contract Requires "Comp" Coverage for Miners

WASHINGTON — Under the contract signed by John L. Lewis, president United Mine Workers, with Secretary of the Interior Krug, as coal mines administrator, Administrator Krug agreed to direct operating managers of soft coal mines seized by the government to provide protection for employees under state compensation and occupational disease laws, whether compulsory or elective. Refusal of such manager to carry out the Krug directives "will be a violation of his duties and will cause the coal mines administrator to take appropriate action which may include disciplining or replacing the operating manager or shutting down the mine."

The health and welfare funds are set up, and financed by payment of an assessment of 5 cents per ton of coal produced, which will be managed by three trustees, one named by Krug, one by Lewis and a third chosen by the other two, and another administered by trustees selected by Lewis, to be accumulated from wage deductions now being made and such as may be authorized by the union for medical, hospital and related purposes.

Each party to the contract agrees to use its good offices to assure that the trustees of the two funds "will cooperate in the development of policy and working agreements to make the funds effective and allow them to complement each other."

If the trustees follow policies pursued in the case of many other employees health and welfare funds set up under labor contracts, it is believed here that they may turn to the insurance industry to help work out details and perhaps underwrite and/or handle group policies or other arrangements.

### Michigan Cancels Northern Mutual Casualty License

The Michigan department has canceled the license of Northern Mutual Casualty of Chicago, effective as of May 29. The Ohio department previously had taken similar action.

The Michigan action followed a hearing at which the testimony was voluminous.

Michigan has been an important state for Northern Mutual because it re-insured the old Michigan Casualty of Detroit.

Commissioner Forbes held that Northern Mutual had been guilty of making inadequate and belated settlement of claims, that its loss ratio was abnormally low and that the so-called excess loss agreement of Northern Mutual with Bankers Life & Casualty of Chicago was disadvantageous to Northern Mutual and its policyholders.

Mr. Forbes stated that the number of complaints against Northern Mutual has been greatly disproportionate to the amount of its business in the state. Mr. Forbes stated that the loss ratio of Northern Mutual in 1942 was 16.04, in 1943, 22.37, 1944, 23.58 and in 1945, 27.49. This, he states, compares with an average for all A. & H. insurers in Michigan of 61% in 1942, 63% the next year, then 64%. The average figures for 1945 are not yet available.

Mr. Forbes stated that Northern Mutual was informed in 1944 that the de-

partment was critical of its low loss ratio. No effort was made to improve the situation. The excess loss agreement, according to Mr. Forbes, was of such character as to "cast grave doubt as to good faith."

### FIGHT OHIO OUSTER

COLUMBUS—Northern Mutual Casualty has appealed to the common pleas court from the decision of the Ohio department revoking its license. The company says that the department did not prove the charges made, that the superintendent erred in respect to testimony and exhibits and that the act under which the hearing was held was unconstitutional in that it purports to delegate general legislative powers to an executive department of the state government.

### Leslie, Cahill in Los Angeles

LOS ANGELES—William Leslie, general manager National Bureau of Casualty & Surety Underwriters, and James Cahill of the bureau spent two days here before going to San Francisco for a compensation rate hearing.

At a meeting attended by representatives of the agents and brokers, in addition to assistants from the local offices, Mr. Leslie spoke on the legislative situation and problems confronting the business. Mr. Cahill presented a resume of the compensation rating program, the premium discount plan and a rating plan that it is believed will enable bureau stock companies to compete successfully on a parity with participating carriers.

At a conference with managers of bureau company local offices the establishment of a branch or at least a service office of the bureau in Los Angeles, in line with the resolution adopted by the Casualty Insurance Association of Southern California, was discussed. The local association is to present the matter further for consideration.

No

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CORPORATION

VINCENT CULLEN  
President

Eagle  
have  
Philadelphia  
John F.  
of all the  
residents

W. E.  
ding un  
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chief un  
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## Insurance Trade Winds Blow

Insurance needs shift quickly and constantly with the ever-changing trends of world economy. Today, there are several urgent needs for ever-increasing amounts of Insurance Protection. In business, reconversion problems, with great employee turnover, have multiplied dishonesty losses; hence a tremendous current need for Fidelity Bonds.

By reason of the same reconversion, present and proposed construction, particularly Public Buildings and Highways, requires Surety Bonds in substantial amounts. Manufacturers provides many unusual facilities to assist you in getting your share of this lucrative business.

In our Domestic Economy, with values increased two and three fold over pre-war costs, the needs have never before been so great for additional property coverages and liability protection with adequate limits.

Manufacturers meets today's needs . . . whenever and wherever they appear to the alert agent or broker who keeps an eye on the economic weathervane for insurance selling opportunities.

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## CHANGES IN CASUALTY FIELD

### Benjamin, Reagan Head Indemnity of N. A. Dallas Office

Indemnity of North America has opened a new service office in Dallas and appointed Alfred H. Benjamin manager. A. A. Reagan, Jr. will be assistant to Mr. Benjamin.

Mr. Benjamin was manager at Indianapolis for North America before entering the marines as a first lieutenant in 1943. He later became a captain and landed on Okinawa where he was made company commander during battle.

He attended Vanderbilt University and then was made a special agent for U.S.F.&G. He joined North America as special agent at Atlanta in 1933. He went to Chicago in 1936, became agency superintendent in 1938, and manager at Indianapolis in 1941.

Mr. Reagan, after graduating from the University of Texas in 1933 became head of the automobile division in the casualty commissioner's office. He left the department in 1940 to join the Loyalty group and was placed in charge of its automobile division of the southwestern department at Dallas. When Firemen's was elected to membership on the governing committee of the Texas automobile service office, Mr. Reagan was elected to the committee of which he subsequently became chairman.

### Addy to Appleton & Cox; Open New Dep't

A casualty, fidelity and surety department has been organized as part of Appleton & Cox of New York, in charge of J. V. Addy, who has been with Travelers in Iowa, Oklahoma, Illinois, Pennsylvania, Texas and New York. He has had 17 years' experience in casualty, fidelity and surety.

The new department will utilize facilities of Standard Surety & Casualty, casualty affiliate of Standard of New York, whose marine department for some years has been managed by Appleton & Cox.

### Emmco Closing Chicago Office

The Emmco companies are withdrawing from Cook county and will close their Chicago branch office about June 15, due to unfavorable experience in that territory. The loss adjustment staff in Chicago, however, will be retained to service business now on the books.

T. F. Shortall, vice-president in charge of agency operations, stated that, while the companies have withdrawn from some agencies in Wayne and Cuyahoga counties, the Detroit and Cleveland offices will not be affected and the companies' operations will continue unchanged in other territories.

L. G. Stewart, Chicago manager, will remain in Chicago for some time to wind up operations.

### Eagle, Globe, Royal New Phila. Setup

Eagle, Globe and Royal Indemnity have combined the facilities of their Philadelphia offices and have appointed John F. Sprague resident vice-president of all three companies. He formerly was resident vice-president of Globe.

W. Earl Pinholster, for 17 years handling underwriting for Eagle and Royal, becomes assistant to Mr. Sprague as chief underwriter for all lines. John D. Keiller, recently manager of Eagle and

Royal Philadelphia offices, is transferred to the home office for important production activities. Harold K. Remington, Jr., just returned from two years in the navy, is transferred to the home office as assistant superintendent in the automobile department.

### Dixon Joins Insurors Indemnity

Stanley L. Dixon has joined Insurors Indemnity as head of the automobile

underwriting department, following his discharge from the army.

### Steffens Heads Travelers Puerto Rican Agency

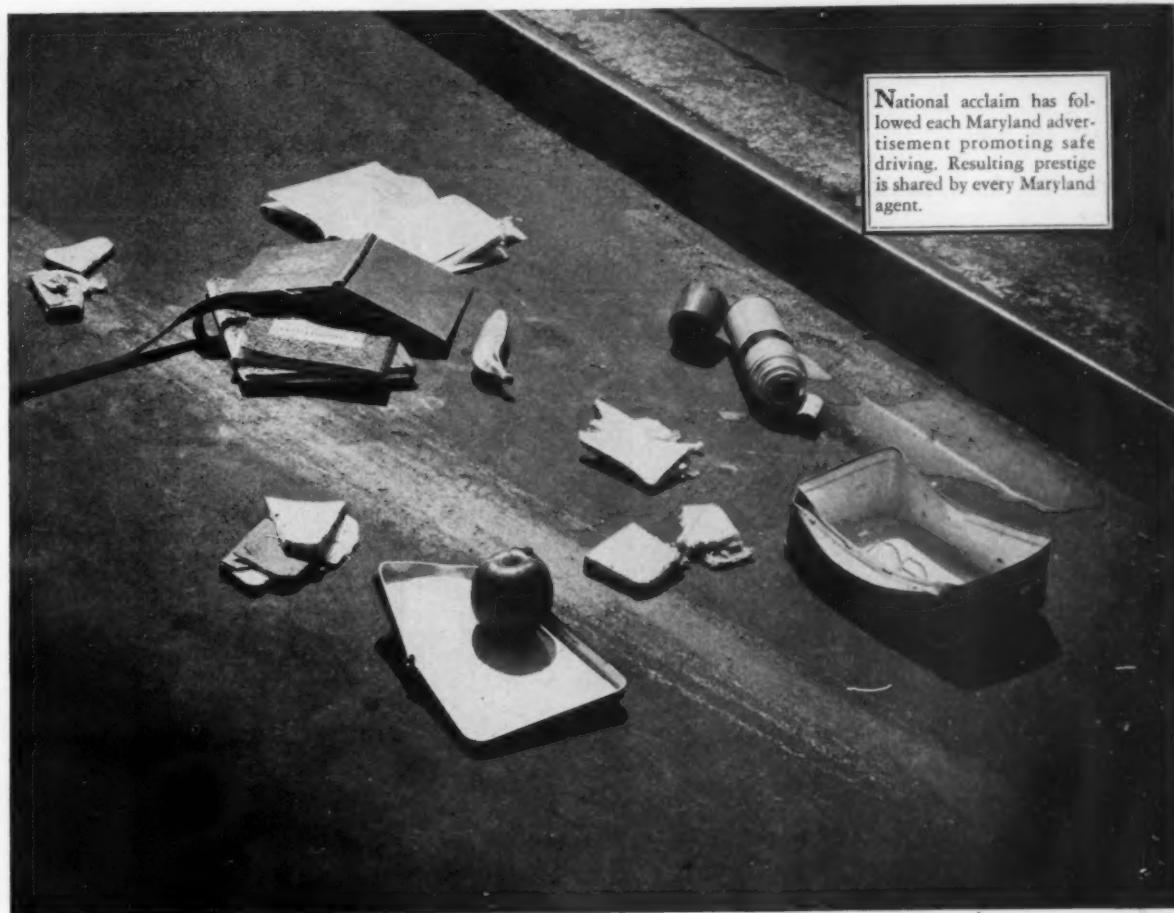
Travelers has opened its first agency outside continental U. S. with appointment of Adolf Steffens as general agent at San Juan, Puerto Rico.

Mr. Steffens will not only represent Travelers as an agent, but will conduct claim adjustment and other services. He has been a resident of Puerto Rico since 1904. He entered insurance

with Fritze, Lundt & Co., agents for American, British and German companies. In 1919 he became attorney-in-fact of the brokerage and adjustment firm of F.A.C. Hastrup and in 1927 was appointed general manager of the Puerto Rican branch of Windle, Dargan & Co., New York adjusters, for whom he operated in Haiti, Virgin Islands and Dominican Republic. In 1935 he became general manager of Puerto Rican & American and vice-president of Anglo-Puerto Rican agencies.

Mr. Steffens organized and has been president of Puerto Rico Association of

"Unforeseen events . . . need not change and shape the course of man's affairs"



National claim has followed each Maryland advertisement promoting safe driving. Resulting prestige is shared by every Maryland agent.

### LAST DAY OF SCHOOL

Tommy's school days are over . . . forever.

Today, there is a strange hush over the classroom, and eyes that should be on books and lessons keep wandering to the vacant desk . . . Tommy's desk.

The tragedy of Tommy is the tragedy of 3,000 boys and girls of school age who are killed each year by automobiles—victims of their own heedlessness and motorists' carelessness.

We can . . . we must . . . do our part to help save the lives of American children. For a child's irresponsibility adds to a driver's responsibility.

Join the Maryland in its efforts to reduce the toll of traffic accidents. Train your children to be careful crossing streets. Train *yourself* to drive slowly . . . alertly . . . safely at all times. *The wheel of your car is a wheel of chance. Handle it with care.*

Maryland Casualty Company, Baltimore 3, Md.

## THE MARYLAND

MARYLAND ADVERTISEMENTS APPEAR REGULARLY IN TIME—NEWSWEEK—U. S. NEWS

Insurance Agents and director of the Puerto Rican Chamber of Commerce. His headquarters will be in the Bank of Nova Scotia building, San Juan.

## Four Service Men Go with Manufacturers in Chicago

Four returned service men have been appointed on the staff of Manufacturers Casualty and Manufacturers Fire in the Chicago branch office.

Howard W. Haywood and David R. McClelland joined the accounting department, and Edward E. Hamby, Jr., and Harold W. Ingalls go with the claim department.

Haywood was connected with heavy artillery in the army. McClelland was a first lieutenant in the army air force in the China-Burma-India theater, piloting a troop transport plane. Hamby has had six years' service in the army medical corps in Italy, Africa and the European theater and was discharged as a captain. Ingalls has been a chief petty officer in the coast guard, assigned to the legal department at Boston.

### Martin Gets. Amer. Bonding

Announcement appearing in last week's issue to the effect that Herbert Martin had been named general agent in San Diego for Fidelity & Deposit was in

error. He was appointed general agent for American Bonding. John Burnham & Co., which has been general agent there for F. & D. for many years, continues in that capacity.

## Waring Is American States No. Illinois Manager

J. L. Waring has been appointed field manager for northern Illinois by American States in charge of sales in that area. He will work out of the present Ottawa office, 306 Central Life building.

Mr. Waring has just recently returned from service. Before entering service he was claims manager for the American States companies in the same territory.

## Three Travelers Soldiers Return to Old Jobs

James R. Henry, manager fidelity and surety, Travelers 55 John Street branch, New York; Robert C. Reeder, Jr., assistant manager in Newark, and William H. Hines, field assistant casualty, fidelity and surety, Los Angeles, have been reappointed after their return from service.

Released as a first lieutenant, Mr. Henry was in service two years with the military police at Camp Atterbury,

Ind., his principal activities having to do with criminal investigations and court martial procedure.

Mr. Reeder entered the army in 1944 and was on duty in the ETO for more than a year with the field artillery and in the office of the chief of claims.

Mr. Hines also served in the ETO with the field artillery, seeing action in the Rhineland. He later was assigned to military government duty as interpreter.

### J. C. Mullen Named Trustee

Employers' Group Associates have elected J. Chester Mullen trustee to succeed John M. Morrison, deceased. Mr. Mullen also has been named director of Employers Fire and American Employers. He has been associated with Employers Liability since 1913, was named assistant deputy manager in 1943, and since that time has been vice-president of both Employers Fire and American Employers.

### Elected a V.P. of Lumbermens

Albert J. Mayer has been appointed a second vice-president of Lumbermens Mutual Casualty and American Motors.

Mr. Mayer, who has been with the companies for 25 years, is the manager of the eastern claim department at Philadelphia. Before his appointment he had been third vice-president.

### Hawkeye Veterans Return

A number of returning veterans have rejoined Hawkeye Casualty. Don Brown has returned to the underwriting department and Joe Tressler, who served under George Olmsted in China, has joined the statistical and accounting department at the home office.

Floyd D. Hembling has returned to Grand Rapids as an adjuster in Michigan. Kevin Burke, who served in the counter-intelligence corps of the army, has been named an adjuster for Illinois and will work out of Springfield.

### Moffett Succeeds Roberts

James Moffett has been appointed supervisor of claims at the home office of Northwestern and Northwestern Life of Seattle. He was with Gould & Gould, general agents, for several years as head of the Oregon claims office and returned recently after serving in the army. He succeeds Lloyd Roberts, resigned.

### Valla Long Beach Manager

Pacific Employers has opened a service office in Long Beach, Cal., to serve the Los Angeles-Long Beach harbor area and Orange county. Joseph Valla has been named manager.

### Woodworth to Gould & Gould

George S. Woodworth has resigned from the U.S.F.&G. claims staff at Portland, Ore., to join Gould & Gould.

northwest general agency, in charge of Oregon claims. He succeeds James Moffett, who has resigned to take a new position at Seattle. Mr. Woodworth was with U.S.F.&G. for a number of years before entering service.

### Henderson to National Auto

John B. Henderson, who has been an underwriter in the fidelity and surety department of United Pacific, has joined National Automobile & Casualty in Seattle, as underwriter and claims supervisor. He started in insurance with the claims department of United Pacific.

### Kleinsmith in D. C. for General Acc.

Albert F. Kleinsmith has joined the Washington office of General Accident as claims manager.

He was recently discharged from the service. He previously had been with General Accident for 15 years in Syracuse, White Plains and New York city.

## ACCIDENT

### Milwaukee County Medical Plan Must Have State O. K.

MILWAUKEE — Counsel for the Milwaukee County Medical Society has been advised by the Wisconsin department that it is illegal under present statutes for the county society to sell its prepared surgical care plan outside of Milwaukee county, unless approval is given by the State Medical Society.

The county society entered into an agreement with Associated Hospital Service to become sales agent for its surgical care plan in connection with Blue Cross hospital service. A complaint was filed with the department questioning the legality of the sale of such service at Plymouth, Wis.

### Department's Ruling

On examining the enabling act passed by the last legislature, the department decided that surgical care cannot be sold beyond Milwaukee county unless it is formally approved by the State Medical Society, and forms and rates are filed with the department for approval. This position was approved by the attorney general's office.

No formal opinion was given, however, as the county society asked that it be given an opportunity to place its case before the state group. A special meeting of the house of delegates of the state society has been called at Madison June 22-23 to air the controversy.

Since the State Medical Society announced its "Wisconsin plan" of voluntary coverage for surgery, obstetrics and hospitalization, underwritten by private companies, the Milwaukee County Society has been at odds with the state group. About 30 private companies have entered into an agreement with the

## A CLAIM DEPARTMENT

that can make friends, not enemies.

The principle which guides the  
Claim Departments of the

## GENERAL ACCIDENT AND POTOMAC

is to pay the just claim  
promptly and courteously.

Ask the agents who represent these companies



EXECUTIVE OFFICES  
GENERAL BUILDINGS  
PHILADELPHIA

## PAYROLL AUDIT SERVICE

ALL AUDITS OF EXPOSURE  
FOR  
CASUALTY INSURANCE CARRIERS

Home Office  
DES MOINES, IOWA  
Service Offices  
CHICAGO, ILLINOIS  
ST. LOUIS, MISSOURI

AUDITS SINCE 1920  
IOWA, MINNESOTA, DAKOTAS,  
NEBRASKA, MISSOURI, ILLINOIS,  
INDIANA, MICHIGAN  
UNDERWRITING REPORTS

K. L. PEARCE COMPANY  
INSURANCE EXCHANGE BUILDING  
DES MOINES 9, IOWA

FOR OVER TWENTY YEARS WE HAVE SPECIALIZED IN MAKING COMPLETE AUDITS

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June 6, 1946

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AUDITS

State Medical Society to provide this coverage.

#### Blue Cross Deal with Detroit Out

Detroit city employees must work directly with Michigan Hospital Service, the Blue Cross, and pay full premiums themselves, according to a ruling by Attorney General Dethmers of Michigan.

The Hospital Service had proposed to the Detroit council that the city pay part of the premium under a plan whereby gross charge for an employee and wife would be \$1.94, the employee paying \$1.54 as his share. Commissioner Forbes had requested

an opinion on this matter and the attorney general stated that only where employees cannot pay cost of subscription may a service corporation accept payment from governmental or private agencies. He added that any plan based on a suggested "unit experience rating" would be improper, as surplus earnings must be divided equally among all subscribers.

#### Combined Mutual to Enter Cal.

Combined Mutual Casualty of Chicago has applied for admission to California to write disability insurance. R. G. Weaver of San Jose is named general agent.

national Bank of Chicago, dealing especially with contractors, will address the luncheon meeting of the Surety Underwriters Association of Chicago, June 10, on "A Banker Looks at the Contractor."

The summer party of the Surety Association of Minnesota will be held at the Golden Valley Golf Club June 6.

Hundreds of A. & H. sales ideas in The A. & H. Bulletins. Write The A. & H. Bulletins, 420 E. 4th St., Cincinnati 2, Ohio.

## PERSONALS

Henry K. Evans, traffic engineer of the National Surety Bureau, accident prevention division of the Association of Casualty & Surety Executives, was elected vice-president of the New York metropolitan section of the Institute of Traffic Engineers.

Oscar L. Shewmake, president of Virginia Auto Mutual of Richmond, a former member of the corporation com-

## FIDELITY AND SURETY

### Raise Acquisition Cost Allowance

The Towner Rating Bureau has revised in one particular its recommendations as to total acquisition cost on contract bonds that were contained in its rate revision that was effective May 10. Under the May 10 changes, the acquisition cost on the total premium was 17½% on bonds for construction where the contract price is more than \$2½ million and less than \$5 million.

Inasmuch as the total acquisition cost was 30% on bonds of \$2½ million and less, the producers got a much better return on jobs of \$2½ million than they did where the job ran just a little over the \$2½ million figure.

Under the latest revision it is provided that the total acquisition cost shall be 30% on the bond covering the first \$2½ million of contract price and 17½% on that proportion between \$2½ million and \$5 million.

The premium rate, however, is unchanged from the May 10 setup.

### Bivin Addresses Boston Surety Claim Association

T. H. Bivin, assistant general attorney of Great American Indemnity, speaking at the May meeting of the Boston Surety Claim Association, drew a distinct line between overcharge cases, which generally involve fraud and deceit, and larceny cases, which usually involve the physical theft of money or other property. He said that from decisions a general rule can be formulated to the effect that where the servant or employee is acting within the apparent scope of his authority and indulges in a fraud using his employment to accomplish that purpose, the master will be held liable.

On the other hand, while he may be within the course of his employment, he may step aside momentarily to accomplish a purpose solely outside of his employment. In these cases the courts have determined that the master should not be held liable, since for the temporary period the employment is suspended.

He referred to coverage extended by straight fidelity, primary commercial blanket and blanket position bonds in the commercial field and by financial institution blanket bonds, covering the legal liability of the obligee.

The association, originally formed by members of conference companies, voted to amend its constitution to permit extension of membership to local representatives of any fidelity and surety company.

The resignation of Arthur C. Aldrich as treasurer was accepted and Robert K. Taylor of American Surety, was elected to succeed him.

Next meeting of the association will be in October.

### Handle Huge Bonds on Eight Projects

LOS ANGELES—Awards on eight large construction projects in the middle west and Pacific Coast in which sureties here are interested, either as direct writers of the bonds, or handling them for other offices of their companies, have been announced.

Guy F. Atkinson Co., Los Angeles and San Francisco, won the contract of the Los Angeles board of public works to build a 12 foot sewerage pipe line at a bid of \$3,517,410. Fidelity & Deposit will execute the bond.

In conjunction with the Bressi-Benvanda Constructors and W. E. Kier Construction Co., Atkinson also was awarded the work on the Matilija dam in Ventura county by the Ventura county flood control district at a joint bid of \$1,279,945. Fidelity & Deposit, Hartford Accident and Maryland Casualty will execute the bond.

Peter Kiewitt Sons Co. and Construction Aggregate Corp. were awarded the Los Angeles board of public works project to remove 14,000,000 cubic yards of sand at a bid of \$3,500,000. Aetna Casualty and Hartford Accident will execute the bonds.

#### Other Big Projects

Grafe-Callahan Construction Co. and Gunther & Shirley Co., Los Angeles, and W. K. McIlroy had the low bid of \$5,111,877 for work on the Horsetooth reservoir and a county road near Ft. Collins, Colo. Hartford Accident originated the bid bond.

The Shea Co. and Morrison Knudsen Co., Los Angeles, jointly submitted low bid of \$1,126,902 and \$1,009,129 on parts of the Coachella canal, Boulder canyon project, near Yuma, Ariz. Hartford Accident and Fidelity & Deposit of Maryland will write the bond when and if the low bidders are awarded the contract.

#### Pumping Plant Job

Granby Constructors, Los Angeles and Denver, submitted the only bid for construction of the Granby, Colo., pumping plant, at \$3,329,994. The bidder is composed of Grafe-Callahan Construction Co., Gunther & Shirley Co., Los Angeles; Brown & Root, Houston; Ed Honnen, Colorado Springs; Condon-Cunningham Co. and Peter Kiewitt Sons Co., Omaha; and Martin Wunderlich, Jefferson City, Mo. Hartford Accident, Aetna Casualty and National Automobile & Casualty will execute the bonds if and when the low bidder gets the contract.

Utah Construction Co., San Francisco, and Winston Bros. Co., Los Angeles, have submitted the low bid for construction of the West canal, Columbia basin project, near Adrian, Wash. Contract price is \$2,871,796.50. Aetna Casualty will write the bonds if the low bidders are awarded the contract.

#### Chicago Men to Hear Kiddoo

Guy Kiddoo, vice-president in charge of the credit department of First Na-

tional Bank of Chicago, dealing especially with contractors, will address the luncheon meeting of the Surety Underwriters Association of Chicago, June 10, on "A Banker Looks at the Contractor."

The summer party of the Surety Association of Minnesota will be held at the Golden Valley Golf Club June 6.

Hundreds of A. & H. sales ideas in The A. & H. Bulletins. Write The A. & H. Bulletins, 420 E. 4th St., Cincinnati 2, Ohio.



## It's nice to say "YOU'RE COVERED!"

Nothing can do more to inspire confidence in your policyholders than the words, "You're covered," or, "We'll pay that claim." That's why American Casualty's **COMPREHENSIVE Personal Liability Policy** is rapidly replacing all other forms of personal liability coverage. **EVERY** liability hazard you can think of is covered automatically, with a few exceptions which may be covered by endorsement. The policy is available in either single or multiple limits. The latter includes automobile coverage and is recommended since it provides the broadest protection obtainable.



### CASUALTY ACCOUNTANT — WANTED

We want the best Casualty Insurance Accountant that money and an assured future can buy. He should have some casualty underwriting and office management experience also. We want this man to take charge of the accounting department of the Company at its Home Office, Tucson, Arizona. The man chosen for this position will be groomed for high executive position. If you have the experience to qualify for a wonderful future with a good Company in a glorious climate, please write us. Any communication will be held strictly confidential. Do not apply unless you are top caliber man.

REPUBLIC INDEMNITY COMPANY OF AMERICA  
P. O. Box No. 1471, Tucson, Arizona

mission of Virginia, is back at his desk after being away for three months because of a major operation.

George Olmsted, chairman of Hawkeye Casualty, was defeated by Governor Blue in the Republican primary for the Iowa gubernatorial nomination.

## DEATHS

O. S. Peterson, 63, died at his home in Des Moines following a heart attack. He joined Combined Casualty in 1926 and was with the company until two years ago when he became ill.

H. Jordan Dooley, 62, regional superintendent of the Employers group, died in Bryn Mawr, Pa. He was born in Boston, went with Employers in 1910 after leaving school, and moved to Pennsylvania, where he was for 23 years resident manager of the company's middle department, comprising Pennsylvania, New Jersey and Delaware. A brother, William F. Dooley, is vice-president of Continental.

Charles B. Schunck, 54, resident safety engineer of American Mutual Liability in Minneapolis, dropped dead while changing a tire on a highway. He had been with the company in Minneapolis 25 years.

### Brann Secretary Emeritus

The Bureau of Personal Accident & Health Underwriters has named Ralph M. Brann, secretary emeritus. He retired from his position as secretary-treasurer May 31.

### Am. Auto Doubles Dividend

American Automobile has paid a quarterly dividend to stockholders of 20 cents a share as compared with 10 cents that has been paid in the preceding five quarters.

## N.F.P.A. 50th Rally Draws Over 900

(CONTINUED FROM PAGE 2)

compares to the backwash of the last war, except that then there was a lag of about a year before losses jumped sharply, while this time there has been no waiting period and the fire loss curve is adding materially to the other influences in slowing down reconversion.

An increase in fires resulting from relaxation of alertness to fire danger after war tension eased was expected, he said, as there are inevitable penalties of sub-standard construction and installation, too great values risks, inadequate maintenance, inadequately trained fire departments, delayed alarms, cessation of inspections, and other basic factors. The association is still shocked at the apathy of some in high places who are indifferent to the importance of fire defense, he declared.

### Deaths May Increase

There is a good chance of a further increase in fire deaths arising from the housing shortage when old buildings are remodeled and people sleep in attics and elsewhere without exit facilities or protection. There is danger of modifying building codes to permit emergency housing of great flammability and mem-

### Auto Dealers Win in Tenn.

NASHVILLE, TENN.—Judge W. White of the Circuit court ruled in favor of the 104 automobile dealers who have been refused license as agents for Motors of New York by the Tennessee department. The court found Motors has been licensed in the state for several years and that a similar type of operation has been actually carried on through the General Exchange. The ruling will be appealed.

bers have a responsibility to watch this situation and contribute their judgment locally, Mr. Vernor emphasized.

Faulty physical conditions can be overcome largely by following technical advice compiled by the association, but overcoming faulty human behavior is another problem, Mr. Vernor asserted. Technical standards will not prevent the madman from throwing kerosene on hot coals, the youngster from playing too near a bonfire, the idiot from smoking in bed, nor the fire maniac from yielding to his impulses.

### Cites Membership Rise

Although these many challenging problems lie ahead, Mr. Vernor noted that more than 2,000 members have joined since the last meeting and membership now has expanded to 35 countries. Three new committees have been appointed, fire gas research, magnetism, and fire prevention for elementary schools, and these can be expected to aid in the program. In addition, there are many experienced fire prevention men returning from service and anxious to help, and rural fire protection is expanding to 4-H clubs and other farm groups.

Mr. Vernor congratulated General Manager Percy Bugbee, who recently celebrated his 25th anniversary with the association, saying that he is largely responsible for the accelerated progress of the association.

### Bugbee's Report

Mr. Bugbee stated in his report that a considerable slump in membership and demands for N.F.P.A. material were expected at the war's end, but it has not occurred and the pace has been maintained right through.

The association now has its largest and most diversified membership in history and last year produced its greatest volume of information and service, he stated.

Members in France, Sweden, Belgium, China, and other countries have come back into the fold and foreign membership has expanded since the war, he said. There is great opportunity for continued expansion in English-speaking countries.

The association will publish two books in the coming year, a new edition of the Field Practice & Section Manual and one of the Handbook of Fire Protection.

A program of regional conferences may be established this year to discuss local fire problems.

### Describes Agents' Work

At the open session Tuesday morning, Frank C. Colridge, secretary National Association of Insurance Agents, discussed the agent's work in fire prevention. Mr. Colridge declared that fire reduction and protection are a necessary part of agent's service.

The agent is in a better position to motivate fire prevention than anyone else in his community, he said, as he has a range of acquaintances on responsible levels. They are natural liaison men between the community and the fire chief, inspection bureau officials and field men of insurance companies. Moreover, they are regarded as men who quote fire rates and thus are asked for counsel on these matters.

The National Association has published a book, "It Is Your Business," reviewing the record of fires in every type of building.

Mr. Colridge reviewed the fire prevention activities of local boards in Kalamazoo, Mich., and Houston, Texas as examples of the agent's work, and he pointed out that in Houston fire losses for the first three months of 1946 are 46% below the same period last year.

### Executives Association Reelects

Upon recommendation of General Manager J. Dewey Dorsett, the Association of Casualty & Surety Executives has reelected the officers, managers and directors of established divisions and departments.

## Knoblock, Walker Eastern Team

Fireman's Fund Indemnity and Western National Indemnity have appointed Henry E. Knoblock and William A. Walker associate managers of the eastern department.

Edward C. Meehan has been appointed manager of the New York metropolitan department.

Mr. Knoblock has been with Fireman's Fund Indemnity since it was organized in 1930. Prior to that he spent several years with Standard Accident and Maryland Casualty with which he started in 1913.

Mr. Walker entered insurance with Royal Indemnity in 1911. He left U.S. Casualty to join Fireman's Fund Indemnity as manager of the claim department in 1933.

Mr. Meehan also was one of the original employees of Fireman's Fund Indemnity. Previously he spent several years with Standard Accident and Maryland Casualty.

### North American Western Rally

The western agency convention of North American Accident is being held this week at Estes Park, Colo. The eastern division met some days ago. George F. Manzelmann is presiding. The big feature of the meeting is the information given about the life insurance department, which is now in full bloom.

The production end of the life insurance is carried on at the Chicago office. The medical and underwriting activities are centered at Baltimore, in which city the company took over the Eureka-Maryland ordinary life business. North American Accident is grooming its men to write full personal coverage, life, health and accident. About 100 agents are attending the convention, with 12 present from the home office.

## WANT ADS

Claims Manager needed by California Insurance Company. Must be thoroughly experienced in all lines of Casualty insurance and have had recent administrative experience. In reply give former employers, brief resume of experience, salary expected, and date of availability. All replies will be kept in strict confidence. NATIONAL AUTOMOBILE & CASUALTY INSURANCE CO., 725 S. Spring St., Los Angeles 55, Calif.

INSURANCE ACCOUNTANT AVAILABLE  
Thoroughly experienced in mechanics of casualty and fire insurance, state laws, etc. capable of taking complete charge Home Office accounting department. Address G-31, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

WANTED  
Two experienced Fidelity and Surety men. One for the eastern section of Michigan and including the city of Detroit and one for the State of Indiana to headquarter in Indiana. Reply giving age, experience, education and credentials. Reply will be held confidential. Address G-22, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

WANTED  
OUTSIDE CLAIM ADJUSTER  
For Chicago and vicinity by established casualty company. Must have knowledge of investigating and adjusting personal injury claims. Give personal history and salary expected in reply. Address G-34, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

WANTED  
SAFETY ENGINEER  
Experienced Safety Engineer wanted by Bureau Casualty company for Central and Eastern Wisconsin territory. Must live in vicinity of Milwaukee. State full details as to age, experience and education, salary desired. Address G-35, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.



## AMERICAN RE-INSURANCE CO.

Robert C. Ream, President

99 John Street, New York 7, N. Y.

DECEMBER 31st, 1945

CAPITAL	\$4,000,000.00
Surplus	8,598,916.48
Voluntary Contingency Reserve	750,000.00
Surplus to Policyholders	\$13,348,916.48
Reserve for Losses	6,537,844.82
All Other Liabilities	4,606,956.09
<b>TOTAL ADMITTED ASSETS</b>	<b>\$24,493,717.19</b>

NOTE: Securities carried at \$550,000.00 in the above statement are deposited as required by law.

**CASUALTY . FIDELITY . SURETY**  
Re-Insurance

# INSURANCE NEWS BY SECTIONS

## MIDDLE WESTERN STATES

### Lose Interest in Federal Crop Insurance in Iowa

DES MOINES—The government's corn crop insurance program, which is being tried out for the second year on an experimental basis, has dropped off this year, with 40% fewer applications than last year.

The slackening in interest is believed to higher premiums and more ideal farm weather this spring. Last year, when the insurance was first offered, the farmers had experienced a cold and wet spring and many of them jumped into the program, knowing it would be a bad year for crops.

The program is being tried out in isolated counties in the farm states and in the two counties in Iowa last year the government paid out nearly as much as was received in premiums. Premiums paid were \$62,200 and claims of \$80,000 were paid.

This spring there have been 1,699 applications in the two counties as compared with 2,451 a year ago.

### Iowa Agents Annual to Be Sept. 17-18 at Cedar Rapids

The annual convention of the Iowa Association of Insurance Agents will be Sept. 17-18 at Cedar Rapids, with headquarters to be at the Montrose Hotel.

### S. Paul Insurer in Wis., S. D.

Farm Owners Mutual of St. Paul has just entered Wisconsin and South Dakota. This is the company that has engaged extensively in writing broad form insurance on commercial turkeys. W. J. McGladrey is president. Farm Owners also writes fire and E.C. in towns and on country stores, filling stations, schools and churches. Country beer parlors are prohibited. Insurance on farm chattels is a specialty. For good agents Farm Owners insures farm buildings. It also writes windstorm insurance on all kinds of property and hail insurance on growing crops.

### Lynch Office at Peoria

Lynch Adjustment Co. of Springfield, Ill., has opened a new office in the Commercial National Bank building, Peoria, Ill. This branch will be managed by James L. Harris, who has been with the company several years and was recently discharged from the navy.

### Van Wagenen Entertains Agents

George Van Wagenen, Minneapolis general agent, was host to a large group of his agents at a three-day outing at Eagle Nest lodge on Cutfoot-Sioux lake in the wilds of northern Minnesota. The party is an annual event.

### NEWS BRIEFS

Scott Gardner of the Wheeler, Kelly, Hagny agency, Wichita, who has been out of the office for several weeks with a serious eye infection, is now in St. Louis for treatment at McMillan Hospital. He is a son of W. L. Gardner, veteran Kansas supervisor of National Fire.

James R. Day, staff adjuster with the Parsons, Kan., office of Western Adjustment, was married June 3 to Mary Jean Hisey of Pittsburgh, who has been with the Von Schriltz agency there.

Two films, "Before the Alarm" and "The Chemistry of Fire," provided by the National Board, were shown at the quarterly meeting of the Insurance Agents Association of St. Paul.

The midsummer meeting of the West

Central Agents Regional Association was held June 4 at Montevideo, Minn. This was a social meeting with golf in the afternoon and a dinner in the evening.

Helen Schroeder, Norma Lischer, Alice O'Connor and Julia Klein were recently presented watches in recognition of their many years with Frankel Bros. agency in Cleveland.

Ruth Groat has been elected president of the Springfield (Ill.) Association of Insurance Women, succeeding Betty Crowder. Marjorie Westphal is vice-president; Ruth Hazel Smith, treasurer. The group has completed the N.A.I.A. inland marine course and has completed 80 of the 100 hour course.

Irvin Frey, state agent of Firemen's and secretary of the Wisconsin Insurance Club, installed the new officers of the Insurance Women of Milwaukee.

C. D. Higby, Jr., has joined the J. E. Crane agency at Arkansas City, Kan.

Foster Newland has acquired an interest in the A. D. Yoder agency at Winfield, Kan., which has changed its name to Yoder-Newland agency.

The Roberts-Edmundson agency, Wichita, has purchased the R. W. Tucker agency.

posure charges on dwellings and the new coinsurance rules would mean an annual cut of approximately \$420,000 in premiums.

Types of risks affected include banks, office buildings, churches, hospitals, hotels, mercantile establishments, etc. The reduction does not apply to buildings equipped with automatic sprinkler systems or made of fire-resistant materials, as these already had a comparatively low rate.

The reduction will apply to about 20% of fire policies written in the state.

The coinsurance clause change provides further credits from the 80% rate of 6%, when policies are written subject to the 90% clause, or credit of 12% when subject to 100% clause.

### Son to Join B. P. Carter

James N. Carter, son of B. P. Carter, Richmond general agent, who has been serving with the occupation forces in Germany as first lieutenant, has returned and after a vacation will join the engineering staff in his father's office.

### NEWS BRIEFS

Hugh M. Davis of the C. M. McClung Co. agency, Knoxville, addressed the Special Fire Marshals Association, composed of marshals of industries and business firms, on "Why Fire Prevention?"

New officers of the Insurance Women of New Orleans are Louise Eckert, C. A. Sporl & Co., president; Loretta Mazzia, F.C.A.B., and Ethel Gilmer, Employers Group, vice-presidents; Mary Nelson, Godchaux & Mayer, and Virginia Felt, Fidelity & Deposit, secretaries, and Edna Hooley, Hooley Claim Service, treasurer. Delegates to the national convention at Atlanta are Miss Eckert and Mrs. Gilmer.

Mrs. Florence Keister has been elected president of the Knoxville Association of Insurance Women, succeeding Miss Lucille Russell. Miss Margaret Davies and Mrs. Lillian Stone are vice-presidents; Miss Edna Vyles and Miss Jule Sewell, secretaries. Mrs. Keister and Miss Russell were elected delegates to the national convention in Atlanta.

Miss Vera Keyes of the McNeny & Burke agency has been elected president of the Insurance Women of Dallas and was installed at a dinner meeting June 4 by Frank H. Duff of Floyd West & Co., newly-elected president of the American Association of Insurance General Agents. Vice-presidents are Mrs. Ida M. Bradshaw, Insurers Indemnity and Mrs. Thelma Brannan; secretaries, Miss Beatrice Greenfield, Simon agency and Miss Cecile Greene, London Assurance.

in Hampton Bays, L. I. The occasion was the annual meeting of the Suffolk County Bankers Association, and for this portion of the meeting the Suffolk County Agents Association met with the bankers group. About 400 attended.

The experts consisted of Charles J. Schoen of Mount Vernon, member of the National association committee on the bank-agent plan; Alexander Horner, vice-president of the Chase National Bank, consumer credit division, and Fred W. Doremus, vice-president of American of Newark, representing the companies.

### Gaillard Back as Appleton & Cox Pittsburgh Manager

Henry E. Gaillard has returned as manager of the Pittsburgh office of Appleton & Cox after three years in the navy. He will resume direction of the writing of inland marine and ocean marine business which, during the war years, was handled by his assistant, Miss Dorothy McClain. Mr. Gaillard spent some time in the home office in New York, receiving training in all phases of the business, principally hull underwriting and inland claims.

### Royal-Liverpool Newark Move

The fire, casualty and marine companies of the Royal-Liverpool group have removed their Newark offices to the 30th, 31st and 32nd floors in the National Newark building, 744 Broad street. The telephone numbers remain unchanged.

### Passaic County Outing

The annual outing of the Passaic County Insurance Agents Association will be held June 12 in the North Jersey Country Club, Paterson, N. J. Company men have been invited.

### Underwriters Club Elects

New officers of the Underwriters Club of Philadelphia are: W. Brooks Evert,

## SOUTH

### Poston Opens Miami Adjustment Office

MIAMI—Raymond N. Poston has opened his independent adjusting office at 706 Congress building here, handling all lines. He has given special study to personal property floater problems.

After attending New York University school of commerce, Mr. Poston started in the home office of Great American Indemnity in 1929 and later traveled several southeastern states for that company. He assisted in opening Great American Indemnity's service office in Atlanta in 1935 and then went to Miami the same year to open a similar service office. In 1942 he went with Consolidated Vultee as division safety director and for the past two years has been associated with E. F. Fleming, prominent local attorney.

### Durrett Opens Adjusting Office in Monroe, La.

H. P. Durrett has opened an office as an independent adjuster in the Chase-Amman building, Monroe, La. Mr. Durrett specializes in auto liability, general liability, inland marine, compensation, automobile, burglary and bonds.

He entered claims work in 1927 with Travelers in Alabama, remaining with that company until 1937. In his last five years, he was manager of the Alabama claims office. Since then he has been in the Monroe office of Fire Companies Adjustment Bureau.

### Fire Rate Reduction for N. C. Is Announced

RALEIGH, N. C.—Reduction in fire insurance rates, elimination of all exposure charges on dwellings of four families or less in cities and towns, and changes in regulations relating to co-insurance charges have been announced for North Carolina, effective June 1.

Landon Hill, director North Carolina Fire Insurance Rating Bureau, said a reduction of 10% of the final or authorized fire rates has been authorized on 69 types of risks under protection of the bureau, and this with elimination of ex-

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### Big L. I. Session of Bankers and Agents on Auto Plan

A panel of experts answered questions of agents and bankers regarding the bank-agent auto plan at a large meeting

Glens Falls, president, succeeding Ernest F. Warren, Springfield F. & M.; Marshall Markoe, Actna Fire, vice-president; John V. Doen, Phoenix of Hartford, secretary; John Webber, treasurer. The club will hold its annual outing at the North Hills Country Club June 10.

#### Camden County, N. J., Slate

The Camden County (N. J.) Insurance Agents Association will elect officers at the June meeting. Nominees are: Richard J. Clark, Smith-Austermuhl Co., president; Joseph W. Goldberg and Samuel R. Worthington, vice-presidents; Richard L. Schmid, Inter-Urban Realty Co., secretary.

#### Morris County, N. J., Meeting

The Morris County (N. J.) Association of Insurance Agents will hold a dinner meeting in Dover June 12.

#### Atlantic Mut. Pittsburgh Move

New quarters have been announced for Atlantic Mutual and Centennial in Pittsburgh. The new office, located at 1408 Park building, Pittsburgh 22, will be managed by Peter Field. J. A. Karns is fire manager and E. E. Chess, special agent, with territory of western Pennsylvania.

#### NEWS BRIEFS

The Red Roosters, organization of Philadelphia fire insurance countermen, had its outing June 3, at the North Hills Country Club.

The Lehigh Association of Insurance Agents (Allentown, Pa., and vicinity), will hold its annual field day at the Lehigh Country Club June 25.

Camden Fire has moved its Philadelphia office to 1264 Public Ledger building.

Miss Elmira E. Ball has purchased the N. A. Harrington & Co. agency, Worcester, Mass., with which she has been associated for 35 years, and will continue it under the same name.

Miss Margaret A. Sullivan has been elected president of the **Syracuse Insurance Women's Association**. Mrs. Myrtle Moncreiff is vice-president; Miss Helen Watson, secretary; Miss Edna St. John, treasurer.

At a dinner-meeting the three-months-old **Women's Insurance Society of Philadelphia** elected its first permanent officers. Kathryn M. Coulston, Franklin Fire, temporary president, was confirmed as permanent president. Other officers are: Dorothy Nettleton, Phoenix agency, first vice-president; Marie Stevenson, Hutchinson, Rivinus & Co., second vice-president; Elisabeth B. Behan, Platt, Yungman & Co., recording secretary; Frances Sauer, Aetna Fire, corresponding secretary; Catherine Coughlin, Fidelity & Casualty, treasurer. Clare E. McCurry, regional organizer of district 1, will preside at the formal installation of officers June 25. Guest speaker will be Commissioner Neel. Mary deL. Fean,

Franklin Fire, is the delegate to the national meeting at Atlanta June 12.

## COAST

#### Prall Wins Point in Suit Involving Expirations

SPOKANE, WASH.—Clyde E. Prall, former Spokane district agent for the Farmers Automobile Inter-Insurance Exchange and affiliated companies, won the first round in his legal tangle with the companies over ownership of his expirations when the Spokane county superior court modified the temporary order originally secured by Farmers. The modified restraining order permits him to use his records and to solicit expirations until the suit is tried and final judgment entered on the merits, which previously was forbidden. He now is barred only from representing himself to be a Farmers group agent and from using Farmers advertising material.

In a companion suit in the same court, the same plaintiffs seek delivery and possession of the expiration records which are involved in the injunction suit.

#### Los Angeles Occupation Tax Validity Questioned

LOS ANGELES—Validity of the recently enacted tax ordinance by the city council of Los Angeles, which taxes all businesses and professions, is being questioned by insurance companies, agents and brokers. The ordinance provides a minimum yearly license fee of \$12 for all but a few businesses and professions, and insurance agents and brokers were put in the taxable list.

Hearings have been held between insurance interests and the city attorney in the effort to prevent the city from collecting the tax. The ordinance is held illegal, insofar as insurance interests are concerned, because the state constitution contains a provision that the state premium tax is "in lieu" of any other taxation to be levied by counties or municipalities where the tax money is a direct charge against insurance premiums. As the agents are paid commissions out of the premiums collected, it is held by insurance interests such a tax is a direct charge against insurance companies.

The city attorney's office is questioning whether brokers are not taxable because they are not accredited to any company. Insurance men point out that under the law a broker is the representative of the company in collecting premium, paying it to the company and delivering the policy to the policyholder, and therefore is no more taxable than an agent.

Los Angeles 20 years or more ago

clarified. "This plan abolishes the U. S. Employees' Compensation Commission and in its place names three members on an appeal board. The work of this commission is to investigate accidents and then after the three members of the commission have determined in a quasi-judicial way that the government is liable for the injury to the employee. Administrative details are carried out by a trained personnel."

The witness struck out at the suggestion that "one of the other bureaus is better able to do this" and pointed out that the employees so suggested are doing a different type of work and that as a practical matter either the present employees of the compensation commission would have to be retained or else new ones added to the agency that administers the law.

"This does not meet with the intention of the Congress which sought to eliminate overlapping and duplication of effort," he asserted.

#### Iowans to Meet June 21

The Iowa Fire Prevention Association will hold its annual meeting June 21 at Walnut State park, southeast of Des Moines.

passed a similar ordinance which was challenged in the courts (Hughes vs. City of Los Angeles)—and was declared invalid because of the "in lieu" provision. An opinion by the city attorney's office is to be written setting forth the city's position.

#### North America Names Houston Denver Manager

North America has appointed Overton W. Houston manager of the Denver service office. He succeeds Bruce Bridgford, who has entered the agency business in Sheridan, Wyo., with C. V. Davis & Co.

Mr. Houston has been with the North America companies 25 years and goes to Denver from Orlando, Fla., where he has been special agent for 5½ years.

#### Los Angeles Extension Courses

Offered as a service to the insurance industry in southern California the University of California extension division is giving two special summer courses at its classroom center in downtown Los Angeles. On July 15 Dr. Douglass A. Campbell, referee with the California industrial accident commission, will start a class dealing with admiralty jurisdiction. Thus will be started a course dealing with the federal longshoremen's and harbor workers' compensation act. Both courses include six weekly Monday evening meetings.

#### To Codify Colorado Laws

DENVER—Ranger Rogers, former assistant state attorney general, has been appointed to codify Colorado insurance laws and to recommend changes to make them conform with requirements under PL 15.

He was appointed by Attorney General Hinkley on the recommendation of Commissioner Kavanaugh. Rogers and Kavanaugh will work together on the revisions, and Rogers will report to the statutory revision subcommittee of the legislative interim committee.

#### Bend, Ore., Hangar, Planes Burn

Fire destroyed the large municipal hangar and seven light planes at Bend, Ore., with loss estimated in excess of \$30,000. Insurance was carried on the planes through Aero Insurance Underwriters and was handled by Ward H. Coble of the Lumbermen's Insurance Agency. Coble, who is a flying enthusiast, also carried the insurance on the hangar. A new plane ordered for Coble's use was in Portland at the time of the fire and had it been delivered to Bend would probably have also been lost in the fire.

#### Pacific N. W. Meet at Seattle

The western Washington division will be host to the Oregon division at the mid-year meeting of the Special Agents Association of the Pacific Northwest at Seattle July 11. Lotus M. Conser, F. & G. Fire, who heads the Oregon division, will lead a representative contingent of Portland special agents.

#### Rees Handles New Office

LOS ANGELES—The Insurance Brokers Exchange of California has established headquarters for the Los Angeles district in 330 Van Nuys building, with Anson Rees appointed as district secretary in charge.

#### NEWS BRIEFS

M. A. Jordan of the adjusting firm of Mercier & Jordan, Denver, will attend the 50th wedding anniversary of his parents at Oldtown, Me. William E. Ulery of that firm will be married June 7 to Miss Dorothy Leoreda Roy of Denver.

Transport Underwriters Association, specializing in long haul risks, has been granted a surplus line broker's license by the California department. It main-

tains headquarters in Los Angeles with a branch in San Francisco.

The James J. Gallacci agency, **Port Angeles, Wash.**, has been purchased by G. H. Nelson.

The Hugh G. McLean agency, **Barn Vista, Colo.**, has been sold to James R. Morrill.

## CANADIAN

#### Toronto \$7 Million School Line to Same Agencies

TORONTO—A recommendation that fire insurance of \$7,050,000 on Toronto schools (approximately one-third of the \$21,220,800 carried) be renewed with the same agencies which have held it for the last three years has been made by C. H. R. Fuller, business administrator of the board of education.

This is taken to mean that, for the present at least, consideration of deductible fire policies for municipally-owned property must still be held in abeyance. Certain of Toronto's municipal leaders, including Mayor Saunders, have been agitating for deductible fire policies for about a year and one large group of companies, headed by North America, has indicated that it regards such a type of policy for municipal property as feasible under certain conditions.

With respect to the school insurance, the Canadian Underwriters Association rate of 2.267 per \$100 for three years applies to \$4,680,000 in tariff business and \$370,000 in non-tariff. The Dominion Mutual agency has a line of \$2 million in 10 American mutuals at a rate of 2.7 per \$100, with a dividend of 23% included in the quotation.

#### Aviation Blue Book Is Being Extensively Used

A publication in the aviation field that is valued by insurance offices that are interested in this activity is that which is put out by Aircraft Advisory Service, Inc., of Columbus.

Early in 1944 E. W. Pullen apprehended a need for a blue book in the civilian aviation field that would be comparable to the same type of book in the automotive field. He engaged the cooperation of the aircraft manufacturers and traveled about the country for six months to compile data for the first issue. That was published in October, 1944, and has been published quarterly since that time.

The publication is known as Official Aircraft Price Guide or OAPG. It is being used in all states, Canada and Hawaii by insurance companies, banks, finance companies and aircraft dealers.

The Columbus office is at 36 West Gay street.

R. R. Elliott, vice-president and advertising director, just returned from navy duty, and is in charge of the advertising office in the Hanna building, Cleveland.

#### L. & L. Advances Day, Anderson

O. H. Day, special agent of London & Lancashire in New Jersey, has been advanced to state agent. He recently celebrated his 25th anniversary with the group, marked by a luncheon in his honor given by the company officials in New York.

Calvin Baile, special agent, will continue as his assistant in the New Jersey field.

Peter J. Coyne, Jr., has been appointed special agent in western Massachusetts with headquarters at 145 State street, Springfield. He will assist Harry L. Anderson who supervised the state and who now becomes state agent. Mr. Coyne will continue to represent London & Lancashire Indemnity in this field.

#### Kortemeyer with Buffalo

Buffalo has appointed E. O. Kortemeyer as agent for Iowa and Minnesota. He previously was associated with Dubuque F. & M. and more recently with Kansas City F. & M.

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# MARINE

## Condit to Talbot, Bird; Opens Seattle Office

Talbot, Bird & Co., marine underwriters, are opening an office in Seattle July 1, under the management of Morsman Condit, who has resigned as state agent for the marine department of St. Paul F. & M. at Seattle. The new office will have jurisdiction over Washington, Oregon, Idaho and British Columbia.

Mr. Condit, a native of Oklahoma, was graduated from the University of Missouri and entered insurance with the marine department of North America at San Francisco in 1930. He was transferred to its Seattle office in 1931 and in 1932 was made marine special agent out of the Portland, Ore., office. He left to go with St. Paul as marine state agent in 1933.

He is now president of the Board of Marine Underwriters of Seattle.

### No Test on Export-Import Stand

WASHINGTON — A spokesman for the Export-Import Bank says nothing more has been heard from marine underwriters about insurance on exports financed by this government since the bank's board adopted a resolution requiring such coverage to be paid for in installments.

It was explained, however, the bank has made only one new loan contract with a foreign government since adoption of the resolution, that being with the Netherlands government.

The spokesman said it was not known yet how this contract will work out, with respect to the insurance angle. He explained none of the money has been drawn and no exports have been financed under the Netherlands contract.

The official view is that the bank's resolution "has not yet met a test."

The bank resolution was in the nature of a compromise of the demand of the marine interests that insurance on government-financed exports be placed in the United States.

### Faust Joins Atlantic Mutual

Edward A. Faust, formerly with North America, has joined Atlantic Mutual as an inland marine underwriter in the home office. He will give special attention to the supervision of the "all risks" personal floater business.

A graduate of Yale in 1926, Mr. Faust started his insurance career with North America in 1929. During the past years he has been connected with the personal lines department of that company.

### Promote Caldwell in Nebraska

T. W. Caldwell has been promoted from special to state agent in Nebraska by Home. He went to Nebraska from Missouri in 1938 and has been 18 years with the company. He is past head of the Field Club and Blue Goose in Nebraska. He succeeds Charles U. Hendrickson, who will continue in the Nebraska field in an advisory capacity till Sept. 1 when he will retire after 28 years with the company.

### Adds to Ill. Field Staff

American is announcing some additions to its Illinois field.

Harold W. Williams, state agent, will directly supervise one of the two central Illinois fields, and headquarters in the Standard Office building, Decatur. Assisting Mr. Williams will be Special Agent James H. Rupp, Jr. He graduated from Monmouth College in Illinois, and served the navy as lieutenant.

Kenneth L. Hingst, special agent, will make his headquarters at Decatur, and supervise another field in central Illinois. He is a graduate of Iowa Wesleyan College, and has had field experience both in Missouri and Minnesota. He was an army lieutenant.

## H. J. Conklin Firemen's Cook County Asst. Manager

H. J. Conklin, Illinois state agent for Firemen's, is being transferred from Springfield to Chicago as assistant manager for Cook county of all Firemen's group companies. He has been with the group 21 years, having started as an examiner in the Western department. Besides Illinois he served as a field man in Ohio and mountain territories.

Donald B. Davidson, just discharged from the navy as a commander, will succeed Mr. Conklin as state agent at Springfield.

## Martin, Thomas, Wagner Named Phoenix Secretaries

Edward J. Martin, George F. Thomas and Ernest F. Wagner have been elected secretaries of Phoenix and Connecticut Fire.

Mr. Martin was employed in 1940 as manager of the New York metropolitan department. He is a graduate of Annapolis and had traveled in New England.

Mr. Thomas went to the home office in 1944 as general adjuster. Previously he had been secretary of Great Eastern Fire. He is a graduate of Boston University.

Mr. Wagner joined Phoenix in 1917 as a clerk in the claims department. In 1934 he was transferred to the eastern Pennsylvania field. In 1941 he was assigned to the Pacific Department as agency supervisor, later was made assistant manager of the Pacific Department and in 1945 was promoted to resident secretary.

### To Elect W. U. A. Chairman

The governing committee of the Western Underwriters Association will meet in Chicago next week, this being the first meeting since the annual gathering in that city a few weeks ago. At next week's meeting the chairman will be elected.

W. E. Newcomb, assistant secretary, was in Tennessee and Louisville this week meeting the members of the executive committee of the field organizations in the interest of public relations program and assisting in planning for the work to begin.

### Honor Scott and Rahe

Twenty insurance friends from Missouri, Kansas and Nebraska at a dinner honored Walter Scott, Jr., and E. N. Rahe, special agents for Home, at Kansas City. Mr. Scott has been transferred to Los Angeles as manager of the service department covering southern California and Arizona. Mr. Rahe has been transferred to Hot Springs, Ark., as special agent under State Agent Morel. T. B. McCaffrey, Home state agent at Kansas City, presided and presented a wrist watch to Mr. Scott and a pen and pencil set to Mr. Rahe. Donald N. Brissman of the Chicago office will replace Mr. Scott as special agent at Kansas City.

### Minneapolis Name Changed

MINNEAPOLIS — The Minneapolis local board has voted to change its name from Minneapolis Underwriters Association to Insurance Agents Association of Minneapolis. Only a few members were opposed to the change. President Arthur P. Smith reported on the National association meeting at Cincinnati and brief talks were made by George Thompson and Richard A. Thompson, state national director of the Minnesota association.

### C. F. Steers Joins Stuyvesant

Charles F. Steers has been appointed assistant secretary of Stuyvesant. He has been in insurance 18 years, having served Home in the Pacific and foreign departments handling Canadian underwriting. In 1934 he was transferred

to Halifax, Nova Scotia, where he served the Halifax until 1944, in charge of reinsurance and underwriting, which constitute his duties with Stuyvesant.

### Springfield Puddle Elects

Twenty-nine ganders of the Dan T. Smith Blue Goose puddle at Springfield, Ill., attended the annual meeting at Oakcrest Country Club, electing H. A. Elkin, Century, bullfrog; Paul Stone, Underwriters Adjusting, tadpole, and E. F. Conour, North British, croaker. W. R. Sockafus, who is being transferred to southern Illinois by Aetna Fire, was presented a sport jacket.

### Eastern Ia. Blue Goose Elects

CEDAR RAPIDS, IA.—C. H. Mickelson, Western Adjustment, Cedar Rapids, was elected big toad of the Eastern Blue Goose puddle at the annual meeting.

Frank Bagwell, Northwestern National, croaker, and Robert H. Hosteller, Waterloo, Automobile, bouncer.

The annual chicken fry and party of the Aurora Insurance Agents Association will be June 19 at Elms cottage on the Fox River.

Ed Waltman, formerly with Royal in

South Dakota, recently returned from service in the navy, has resigned his position with Royal and will leave the insurance business.

Preston T. Kelsey, Southern Pines, N. C., former U. S. manager of Sun, and prior to that its western manager, and Mrs. Kelsey are now migrating to New Hampshire for the summer season. They are greatly delighted with their Southern Pines environment.

The annual picnic of the Kansas City Association of Accident & Health Underwriters will be held June 14. It will be an all-day party, with dinner in the evening.

The Ten Year Club of Standard Accident has scheduled its annual dinner meeting for June 11. Margaret Hampshire is committee chairman.

The annual picnic of the St. Louis court of Cata Meow will be held June 20.

The Sioux Falls Association of Insurance Women elected Madeline Stringham, Fire Underwriters Inspection Bureau, president; Mary Lou Cook of McKinney & Allen, vice-president; Estelle Cranny, Fore, treasurer, and Betty Jane Johnson, Western Surety, secretary. It was decided to send a delegate to the national convention in Atlanta and pay her expenses.

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## Argentina Sets Up Reinsurance Bank Like Chile, Brazil

NEW YORK—Announcement that Argentina has issued a decree setting up a reinsurance bank was received here with great disappointment, even though some such move had been in Argentina for the past year. It is considered ironic that nationalization becomes a fact so shortly after the Hemispheric Insurance Conference where there was a great deal of talk about free enterprise in the insurance business of the western hemisphere countries. Argentina

sent three delegates to that meeting. The greatest anxiety was there expressed by the insurance people of Latin American nations that nationalization of the business would be extended. Their anxiety apparently was well founded.

While several countries south of the border still have a free insurance economy, some of them have been eyeing nationalization along the Chile-Brazil pattern for some time. With the A-B-C countries now nationalized to the extent they are, some of the smaller countries are expected to follow suit. Most of them are under the influence of one or another of the "big three" countries.

Information as to how the reinsurance bank of Argentina will operate has

not been received yet in the United States. Decrees are followed by regulations in not sooner than two weeks. The regulations will specify procedure and details.

It is learned here that the reinsurance bank, operated by the government, will require cessions of 30% from national and foreign reinsurers operating in Argentina.

Latin American countries follow French ideology to a considerable extent. In France about 30 of the 300 insurers are being purchased with government bonds, and are to be operated by the government. These 30 are the largest. In addition, the French government has established a reinsurance bank with mandatory cessions of 5% by foreign and domestic companies. Whether the whole 5% will be retained or some of it ceded back to the direct writing companies is not yet certain.

It is likely that Argentina will follow a plan basically similar to the Chilean or Brazilian plans. In Brazil everything must be offered to the reinsurance institute first. The institute then cedes a large chunk back to the companies, which they must take. This is to secure spread. The originating companies are paid 2½% reinsurance commission, which delegates to the hemispheric conference stated was not enough to cover cost of handling business.

In Chile national companies must offer reinsurance business first to the Chilean reinsurance bank. Then it may be offered to foreign insurers. Foreign companies must cede 20% of Chilean business to the Chilean reinsurance bank, then can reinsure abroad.

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## Warns Against Haste in Changing Board Rules

Advising local and state associations of insurance agents to be cautious in changing rules before it is definitely determined by the courts that such rules are not in harmony with public law, Hunter Brown, Pensacola, Fla., president of the National Association of Insurance Agents has made the following statement to its membership:

"The National Association of Insurance Agents desires to remind local organizations that the moratorium under public law 15 continues to Jan. 1, 1948, which means that undue haste seems unnecessary in making any changes in operating rules of local boards or similar organizations or state associations. There seem to be influences at work pitched on the suggestion of illegality of certain rules, which suggestion is sharply challenged by others, based on recent federal court decisions rendered since the S.E.U.A. case, holding state laws not to have been abrogated by the S.E.U.A. decision. It is, therefore, recommended, in view of the probability that other clarifying Supreme Court decisions in cases pending will be handed down well before the moratorium expires, that local associations do not act hastily in surrendering protective rules which may cause serious damage to the standing and integrity of these local organizations. This is no time to relinquish practices which are for the protection of the public as well as the industry. We believe that the courts will hold these protective rules to be in the public interest."

## Merle Rouse Am. Reserve V.P.

NEW YORK—Merl L. Rouse has been named vice-president and a director of American Reserve.



Merl L. Rouse

He is resigning as vice-president of Inter-Ocean Reinsurance. He has devoted his entire business career to the fire reinsurance field. He joined Inter-Ocean in 1928. He transferred to the New York office in 1934. He was elected assistant secretary in 1936, secretary in 1939, and vice-president in 1940, when he assumed direction of the reinsurance activities of the eastern department.

Your questions answered in the *Fire, Casualty & Surety Bulletins*. Write F.C. & S. Bulletins, 420 E. 4th St., Cincinnati, Ohio.

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not been received yet in the United States. Decrees are followed by regulations in not sooner than two weeks. The regulations will specify procedure and details.

It is learned here that the reinsurance bank, operated by the government, will require cessions of 30% from national and foreign reinsurers operating in Argentina.

Latin American countries follow French ideology to a considerable extent. In France about 30 of the 300 insurers are being purchased with government bonds, and are to be operated by the government. These 30 are the largest. In addition, the French government has established a reinsurance bank with mandatory cessions of 5% by foreign and domestic companies. Whether the whole 5% will be retained or some of it ceded back to the direct writing companies is not yet certain.

It is likely that Argentina will follow a plan basically similar to the Chilean or Brazilian plans. In Brazil everything must be offered to the reinsurance institute first. The institute then cedes a large chunk back to the companies, which they must take. This is to secure spread. The originating companies are paid 2½% reinsurance commission, which delegates to the hemispheric conference stated was not enough to cover cost of handling business.

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## Stunned by La Salle Hotel Fire

(CONTINUED FROM PAGE 1)

ing the fact that buildings of this nature are given a very low insurance rate and yet a cocktail lounge is installed with a high degree of flammability.

Undoubtedly there will be some very substantial life insurance and accident and health losses involved. The LaSalle hotel is one of the first-class loop hotels and it is certain that the guests are of the type that would have on the average fairly substantial personal insurance.

The fire loss is likely to be substantial. In a series of four fires started by cigarettes in the Congress Hotel in January there was \$113,000 loss on building, \$30,000 on contents and \$138,000 U. & O.

## Andersen to Chicago Post

Harold E. Andersen, formerly with FBI, has been appointed special agent in charge of the claims bureau in the Chicago office of the Association of Casualty & Security Executives. He succeeds F. E. Chalkley, who leaves the association after 4½ years.

## Vernor Rotary Treasurer

Richard E. Vernor, manager of the fire prevention department of Western Actuarial Bureau, Chicago, and president National Fire Protection Association, has been elected treasurer of Rotary International.

Harold E. Gross, 50, special agent in New York for Niagara Fire and American Eagle Fire, died suddenly at his home in Rochester. He started in insurance in 1914 with Firemen's, was with Great American and then became special agent for American Eagle in New York.

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## Famous American Homes



### The Lees of Virginia

"Stratford Hall", the ancestral plantation home of the Lees of Westmoreland County, Virginia, is one of America's most famous homes and one of the few perfect examples of true Georgian architecture still standing.

So wisely was the house planned that no additions were ever added, and when it was purchased for a shrine by the Robert E. Lee

Memorial Foundation in 1929, no rebuilding was necessary and the reconditioning of the main house was comparatively simple. The mansion and grounds were laid out prior to 1730, and took five years to complete. The house was built of brick that had been made by hand on the plantation, and was constructed in the form of an H, the wings of which were topped with twin sets of four great chimneys. The Great Hall on the second floor with its vaulted ceiling and hand carved paneling and pilasters, forms the bar of the H and was the scene of many brilliant gatherings during the Colonial period.

"Stratford Hall" has provided America with some of her most illustrious sons, among whom were Thomas Lee, a governor of Virginia and chiefly responsible for the purchase of the Ohio Valley from the Iroquois; Richard Henry Lee and Francis Lightfoot Lee, both signers of the Declaration of Independence; Lighthorse Harry Lee, George Washington's



Robert E. Lee as a Second Lieutenant

favorite officer, governor of Virginia and father of the beloved Robert E. Lee, the statesman and brilliant cavalryman of the War Between the States whose battle tactics were carefully studied during World War II.

Today, completely restored, the Great House and grounds which are open to the public are a fitting tribute to the Lee family whose sons contributed so much to the founding of this nation.

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The Boxwood garden as seen through the chimney arch

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An interesting letter just received from one of our agents demonstrates how he was able to interest several skeptical solicitors in writing adequate insurance to value. After some discussion he sold them on the idea; but the pay-off came when he challenged each man to get on the phone that afternoon, call up five clients apiece, and solicit additional Fire Insurance on their homes.

The men got busy and before five o'clock they had rung the cash register with 11 orders for additional insurance on existing policies, and by the next morning they had 18 new orders.

From then on the plan went over big, to put it mildly, and subsequently the agent had one of the biggest months that he ever had in the past 15 or 20 years. Now that the plan has really caught on, he reports receipt of new policy increases every day.

We give you the same cash-ringing challenge, if you're sport enough to accept—and we think you are! All that you have to do is give the suggestion a fair trial. Select from among your present clients five likely home-owners and tell them how rapidly property values have increased recently. How, after examining their Fire policies, you feel they are under-insured. That a loss would cost them money. That their only assurance of complete protection is adequate insurance to value.

Not only will you ring the cash register while doing so, but also you will protect the business already on your books and keep competitors away. Why not take our challenge now and start ringing the cash register today!

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